

Amended Explanation Page

AMENDED ANUAL STATEMENT

OF

COOPERATIVA DE SEGUROS DE VIDAD DE PUERTO RICO

DUE TO RECOGNITION OF EQUITY PICKUP OF SUBSIDIARIES OF \$24,618 AND CORRECTION OF DEPOSTI TYPE OF \$1,788, THE FOLLOWING ARE THE AMENDED PAGES:

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AMENDED ANNUAL STATEMENT

For the Year Ended DECEMBER 31, 2019

OF THE CONDITION AND AFFAIRS OF THE

COOPERATIVA DE SEGUROS DE VIDA DE PR, COSVI

| | | | | | | |
|---------------------------------------|---|---------------------------------------|---|------------|---|------------|
| NAIC Group Code | 0000 <small>(Current Period)</small> | 0000 <small>(Prior Period)</small> | NAIC Company Code | 79715 | Employer's ID Number | 66-0231517 |
| Organized under the Laws of | Puerto Rico | | State of Domicile or Port of Entry | PR | | |
| Country of Domicile | United States of America | | | | | |
| Licensed as business type: | Life, Accident & Health[X] | | Fraternal Benefit Societies[] | | | |
| Incorporated/Organized | 12/11/1959 | | Commenced Business | 09/11/1960 | | |
| Statutory Home Office | 400 Americo Miranda <small>(Street and Number)</small> | | San Juan, PR, US 00936-3428 <small>(City or Town, State, Country and Zip Code)</small> | | | |
| Main Administrative Office | | | 400 Americo Miranda <small>(Street and Number)</small> | | San Juan, PR, US 00936-3428 <small>(City or Town, State, Country and Zip Code)</small> | |
| Mail Address | P.O. BOX 363428 <small>(Street and Number or P.O. Box)</small> | | | | (787)751-5656 <small>(Area Code) (Telephone Number)</small> | |
| Primary Location of Books and Records | | | 400 Americo Miranda <small>(Street and Number)</small> | | San Juan, PR, US 00936-3428 <small>(City or Town, State, Country and Zip Code)</small> | |
| Internet Website Address | www.cosvi.com | | | | (787)751-5656 <small>(Area Code) (Telephone Number)</small> | |
| Statutory Statement Contact | CPA Francisco D. González <small>(Name)</small> | | | | (787)751-5656-6347 <small>(Area Code)(Telephone Number)(Extension)</small> | |
| | francisco.gonzalez@cosvi.com <small>(E-Mail Address)</small> | | | | (787)772-4380 <small>(Fax Number)</small> | |

OFFICERS

| Name | Title |
|--------------------|------------------|
| Arleen Medina | President |
| Loarina V. Rivera | Executive VP |
| CPA Mario C. Ayala | Finance VP & CFO |

OTHERS

| | |
|--|--|
| Evelyn Burgos, Human Resources VP CPA Gretel González, Compliance & Audit Director Sylvia Ríos, VP of Cooperatives Affairs & Marketing | Shirley Merced, VP of Information Technology Margarita Olivella, Insurance Operation VP Emilio López, Director of Actuarial Department |
|--|--|

DIRECTORS OR TRUSTEES

| | |
|---|---|
| Lcdo. Federico Rivera Gilberto Guzmán Hiram Colón Mayra M. Reyes Eliud Torres | Lucas N. Avilés Joel Chévere Sonia I. González Katherine M. Rivera |
|---|---|

State of Puerto Rico
 County of San Juan ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

| | | |
|---|---|---|
| _____ (Signature) Arleen Medina (Printed Name) 1. President (Title) | _____ (Signature) Loarina V. Rivera (Printed Name) 2. Executive Vicepresident (Title) | _____ (Signature) CPA Mario C. Ayala (Printed Name) 3. Finance VP & CFO (Title) |
|---|---|---|

Subscribed and sworn to before me this _____ day of _____, 2020

- a. Is this an original filing? Yes [] No[X]
 b. If no: 1. State the amendment number 1
 2. Date filed 05/29/2020
 3. Number of pages attached 23

 (Notary Public Signature)

ASSETS

| | Current Year | | | Prior Year |
|---|--------------|----------------------------|--|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1-2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 320,673,825 | | 320,673,825 | 309,453,870 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 253,116 | | 253,116 | 253,116 |
| 2.2 Common Stocks | 16,683,347 | | 16,683,347 | 12,043,891 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | 3,998,212 | | 3,998,212 | 4,068,818 |
| 3.2 Other than first liens | | | | |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances) | 33,030,506 | 508,350 | 32,522,156 | 33,429,176 |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances) | 96,400 | | 96,400 | 100,000 |
| 4.3 Properties held for sale (less \$.....0 encumbrances) | 1,180,529 | 625,000 | 555,529 | 1,025,341 |
| 5. Cash (\$.....9,877,570, Schedule E Part 1), cash equivalents (\$.....21,531,252, Schedule E Part 2) and short-term investments (\$.....1,720,000, Schedule DA) | 33,128,822 | | 33,128,822 | 30,816,822 |
| 6. Contract loans (including \$.....0 premium notes) | 2,711,217 | | 2,711,217 | 3,004,776 |
| 7. Derivatives (Schedule DB) | | | | |
| 8. Other invested assets (Schedule BA) | | | | |
| 9. Receivables for securities | | | | |
| 10. Securities Lending Reinvested Collateral Assets (Schedule DL) | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 411,755,974 | 1,133,350 | 410,622,624 | 394,195,810 |
| 13. Title plants less \$.....0 charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 4,348,448 | | 4,348,448 | 4,294,497 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 949,348 | 106,369 | 842,979 | 666,339 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) | 3,716,460 | | 3,716,460 | 3,636,983 |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) | | | | |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 57,667 | | 57,667 | 42,210 |
| 16.2 Funds held by or deposited with reinsured companies | | | | |
| 16.3 Other amounts receivable under reinsurance contracts | 352,207 | | 352,207 | 172,770 |
| 17. Amounts receivable relating to uninsured plans | | | | |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | |
| 18.2 Net deferred tax asset | | | | |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | 318,918 | 22,487 | 296,431 | 408,214 |
| 21. Furniture and equipment, including health care delivery assets (\$.....0) | 99,748 | 99,748 | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | 49,253 | | 49,253 | 38,065 |
| 24. Health care (\$.....0) and other amounts receivable | | | | |
| 25. Aggregate write-ins for other than invested assets | 141,179,371 | 7,630,756 | 133,548,615 | 133,342,342 |
| 26. TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 562,827,394 | 8,992,710 | 553,834,684 | 536,797,230 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. TOTAL (Lines 26 and 27) | 562,827,394 | 8,992,710 | 553,834,684 | 536,797,230 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | | | | |
| 1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) | | | | |
| 2501. Reinsurance Deposit Assets-Fund Withheld under Reinsurance Treaty | 133,355,376 | | 133,355,376 | 132,279,506 |
| 2502. Sales of Business Disposal- Discontinued Operation | | | | |
| 2503. Prepaid Expenses | 882,866 | 882,866 | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 6,941,129 | 6,747,890 | 193,239 | 1,062,836 |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 141,179,371 | 7,630,756 | 133,548,615 | 133,342,342 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|--|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$.....334,286,490 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve) | 334,286,490 | 324,705,474 |
| 2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve) | 13,801,984 | 13,633,545 |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve) | 59,288,575 | 61,634,542 |
| 4. Contract claims: | | |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10, and 11) | 4,295,006 | 5,260,809 |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10, and 11) | 3,174,223 | 3,232,901 |
| 5. Policyholders' dividends/refunds to members \$.....0 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10) | | |
| 6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year - estimated amounts: | | |
| 6.1 Policyholders' dividends and refunds to members apportioned for payment (including \$.....0 Modco) | | |
| 6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$.....0 Modco) | | |
| 6.3 Coupons and similar benefits (including \$.....0 Modco) | | |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6 | | |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....467 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Lines 4 and 14) | 226,505 | 222,531 |
| 9. Contract liabilities not included elsewhere: | | |
| 9.1 Surrender values on canceled contracts | | |
| 9.2 Provision for experience rating refunds, including the liability of \$.....0 accident and health experience rating refunds of which \$.....0 is for medical loss ratio rebate per the Public Health Service Act | | |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded | | |
| 9.4 Interest Maintenance Reserve (IMR, Line 6) | 1,641,581 | 1,892,206 |
| 10. Commissions to agents due or accrued-life and annuity contracts \$.....0 accident and health \$.....0 and deposit-type contract funds \$.....0 | | |
| 11. Commissions and expense allowances payable on reinsurance assumed | | |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Column 7) | 2,103,082 | 1,784,600 |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves, net of reinsured allowances) | | |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 6) | 186,774 | 182,830 |
| 15.1 Current federal and foreign income taxes, including \$.....0 on realized capital gains (losses) | | |
| 15.2 Net deferred tax liability | | |
| 16. Unearned investment income | 82,339 | 91,070 |
| 17. Amounts withheld or retained by reporting entity as agent or trustee | | |
| 18. Amounts held for agents' account, including \$.....0 agents' credit balances | | |
| 19. Remittances and items not allocated | 52,286 | 50,407 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | |
| 21. Liability for benefits for employees and agents if not included above | 80,995 | 233,618 |
| 22. Borrowed money \$.....0 and interest thereon \$.....0 | 58 | 58 |
| 23. Dividends to stockholders declared and unpaid | | |
| 24. Miscellaneous liabilities: | | |
| 24.01 Asset Valuation Reserve (AVR, Line 16, Column 7) | 4,928,195 | 4,149,563 |
| 24.02 Reinsurance in unauthorized and certified (\$.....0) companies | | |
| 24.03 Funds held under reinsurance treaties with unauthorized and certified (\$.....0) reinsurers | | |
| 24.04 Payable to parent, subsidiaries and affiliates | 205,123 | 826 |
| 24.05 Drafts outstanding | | |
| 24.06 Liability for amounts held under uninsured plans | | |
| 24.07 Funds held under coinsurance | | |
| 24.08 Derivatives | | |
| 24.09 Payable for securities | | |
| 24.10 Payable for securities lending | | |
| 24.11 Capital notes \$.....0 and interest thereon \$.....0 | | |
| 25. Aggregate write-ins for liabilities | 107,467,187 | 98,661,351 |
| 26. TOTAL Liabilities excluding Separate Accounts Business (Lines 1 to 25) | 531,820,403 | 515,736,331 |
| 27. From Separate Accounts Statement | | |
| 28. TOTAL LIABILITIES (Lines 26 and 27) | 531,820,403 | 515,736,331 |
| 29. Common capital stock | | |
| 30. Preferred capital stock | | |
| 31. Aggregate write-ins for other than special surplus funds | | |
| 32. Surplus Notes | 4,992,074 | 6,001,002 |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1) | | |
| 34. Aggregate write-ins for special surplus funds | 51,284,930 | 51,275,390 |
| 35. Unassigned funds (surplus) | (34,262,723) | (36,215,493) |
| 36. Less treasury stock, at cost: | | |
| 36.10 shares common (value included in Line 29 \$.....0) | | |
| 36.20 shares preferred (value included in Line 30 \$.....0) | | |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$.....0 in Separate Accounts Statement) | 22,014,281 | 21,060,899 |
| 38. TOTALS of Lines 29, 30 and 37 (Page 4, Line 55) | 22,014,281 | 21,060,899 |
| 39. TOTALS of Lines 28 and 38 (Page 2, Line 28, Column 3) | 553,834,684 | 536,797,230 |
| DETAILS OF WRITE-INS | | |
| 2501. Fund Withheld under Reinsurance Treaty | 101,817,901 | 93,272,451 |
| 2502. Liability for Pension Benefit | 1,837,383 | 3,293,784 |
| 2503. Unclaimed Funds | 1,043,786 | 1,032,652 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 2,768,117 | 1,062,464 |
| 2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) | 107,467,187 | 98,661,351 |
| 3101. | | |
| 3102. | | |
| 3103. | | |
| 3198. Summary of remaining write-ins for Line 31 from overflow page | | |
| 3199. TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above) | | |
| 3401. Funds Contribution Certificates- Common | 29,643,180 | 29,633,640 |
| 3402. Funds Contribution Certificates- Preferred | 21,641,750 | 21,641,750 |
| 3403. | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | | |
| 3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) | 51,284,930 | 51,275,390 |

ANNUAL STATEMENT FOR THE YEAR **2019** OF THE **COOPERATIVA DE SEGUROS DE VIDA DE PR, COSVI**
SUMMARY OF OPERATIONS

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col.11) | 80,285,888 | 78,332,192 |
| 2. Considerations for supplementary contracts with life contingencies | 504,999 | 1,066,990 |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17) | 15,233,445 | 14,158,134 |
| 4. Amortization of Interest Maintenance Reserve (IMR, Line 5) | 333,917 | 422,638 |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | | |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Column 1) | | |
| 7. Reserve adjustments on reinsurance ceded | | |
| 8. Miscellaneous Income: | | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | | |
| 8.2 Charges and fees for deposit-type contracts | 344,909 | 400,297 |
| 8.3 Aggregate write-ins for miscellaneous income | 1,209,601 | 129,222 |
| 9. TOTALS (Lines 1 to 8.3) | 97,912,759 | 94,509,473 |
| 10. Death benefits | 14,577,501 | 14,395,537 |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | | |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Columns 4 + 8) | 189,164 | 162,198 |
| 13. Disability benefits and benefits under accident and health contracts | 8,535,628 | 7,454,671 |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | | |
| 15. Surrender benefits and withdrawals for life contracts | 32,575,152 | 31,795,560 |
| 16. Group conversions | | |
| 17. Interest and adjustments on contract or deposit-type contract funds | 10,512,622 | 10,364,999 |
| 18. Payments on supplementary contracts with life contingencies | 421,934 | 350,548 |
| 19. Increase in aggregate reserves for life and accident and health contracts | 1,049,889 | 3,012,541 |
| 20. TOTALS (Lines 10 to 19) | 67,861,890 | 67,536,054 |
| 21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1) | 5,843,611 | 5,258,646 |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1) | | |
| 23. General insurance expenses and fraternal expenses (Exhibit 2, Line 10, Columns 1, 2, 3, 4 and 6) | 19,939,929 | 19,165,891 |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Columns 1 + 2 + 3 + 5) | 1,866,482 | 1,786,374 |
| 25. Increase in loading on deferred and uncollected premiums | 23,543 | 99,924 |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | | |
| 27. Aggregate write-ins for deductions | | |
| 28. TOTALS (Lines 20 to 27) | 95,535,455 | 93,846,889 |
| 29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 minus Line 28) | 2,377,304 | 662,584 |
| 30. Dividends to policyholders and refunds to members | | |
| 31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30) | 2,377,304 | 662,584 |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains) | | |
| 33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 2,377,304 | 662,584 |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$.....0 (excluding taxes of \$.....0 transferred to the IMR) | 10,756 | 25,706 |
| 35. Net Income (Line 33 plus Line 34) | 2,388,060 | 688,290 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2) | 21,060,899 | 21,919,203 |
| 37. Net Income (Line 35) | 2,388,060 | 688,290 |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 | 523,000 | (229,309) |
| 39. Change in net unrealized foreign exchange capital gain (loss) | | |
| 40. Change in net deferred income tax | | |
| 41. Change in nonadmitted assets | (1,102,147) | 221,711 |
| 42. Change in liability for reinsurance in unauthorized companies and certified companies | | |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease | | |
| 44. Change in asset valuation reserve | (778,632) | (182,366) |
| 45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1) | | |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period | | |
| 47. Other changes in surplus in Separate Accounts Statement | | |
| 48. Change in surplus notes | | |
| 49. Cumulative effect of changes in accounting principles | | |
| 50. Capital changes: | | |
| 50.1 Paid in | | |
| 50.2 Transferred from surplus (Stock Dividend) | | |
| 50.3 Transferred to surplus | | |
| 51. Surplus adjustment: | | |
| 51.1 Paid in | | |
| 51.2 Transferred to capital (Stock Dividend) | | |
| 51.3 Transferred from capital | | |
| 51.4 Change in surplus as a result of reinsurance | | |
| 52. Dividends to stockholders | | |
| 53. Aggregate write-ins for gains and losses in surplus | (76,900) | (1,356,630) |
| 54. Net change in capital and surplus for the year (Lines 37 through 53) | 953,381 | (858,304) |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) | 22,014,280 | 21,060,899 |
| DETAILS OF WRITE-INS | | |
| 08.301. Reinsurance Experience Refunds | 275,946 | 91,149 |
| 08.302. Miscellaneous Income | 933,655 | 38,073 |
| 08.303. | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | | |
| 08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above) | 1,209,601 | 129,222 |
| 2701. | | |
| 2702. | | |
| 2703. | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | | |
| 2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) | | |
| 5301. Capital Paid in | 9,540 | |
| 5302. Pension Plan- Transition Liability | 922,488 | (1,356,630) |
| 5303. Surplus Notes | (1,008,928) | |
| 5398. Summary of remaining write-ins for Line 53 from overflow page | | |
| 5399. TOTALS (Lines 5301 through 5303 plus 5398) (Line 53 above) | (76,900) | (1,356,630) |

CASH FLOW

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance | 80,343,738 | 80,345,856 |
| 2. Net investment income | 17,116,433 | 15,480,924 |
| 3. Miscellaneous income | 1,554,510 | 529,519 |
| 4. TOTAL (Lines 1 through 3) | 99,014,681 | 96,356,299 |
| 5. Benefit and loss related payments | 59,152,373 | 56,956,451 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 26,876,572 | 25,867,682 |
| 8. Dividends paid to policyholders | | 2,404 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) | | |
| 10. TOTAL (Lines 5 through 9) | 86,028,945 | 82,826,537 |
| 11. Net cash from operations (Line 4 minus Line 10) | 12,985,736 | 13,529,762 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 112,504,477 | 69,233,109 |
| 12.2 Stocks | 4,404,762 | 2,604,023 |
| 12.3 Mortgage loans | 192,809 | 926,159 |
| 12.4 Real estate | 388,086 | 201,900 |
| 12.5 Other invested assets | | |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | | |
| 12.7 Miscellaneous proceeds | 26,352,178 | 15,175,790 |
| 12.8 TOTAL Investment proceeds (Lines 12.1 to 12.7) | 143,842,312 | 88,140,981 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 115,685,103 | 60,241,118 |
| 13.2 Stocks | 10,046,109 | 9,246,050 |
| 13.3 Mortgage loans | 9,868 | (23,473) |
| 13.4 Real estate | 234,570 | 691,917 |
| 13.5 Other invested assets | | |
| 13.6 Miscellaneous applications | 33,586,442 | 57,632,849 |
| 13.7 TOTAL Investments acquired (Lines 13.1 to 13.6) | 159,562,092 | 127,788,461 |
| 14. Net increase (decrease) in contract loans and premium notes | (293,559) | (358,539) |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | (15,426,221) | (39,288,941) |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | (1,008,928) | |
| 16.2 Capital and paid in surplus, less treasury stock | | |
| 16.3 Borrowed funds | | (643,945) |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | (2,345,967) | (6,670,139) |
| 16.5 Dividends to stockholders | | |
| 16.6 Other cash provided (applied) | 8,107,380 | 43,369,283 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 4,752,485 | 36,055,199 |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 2,312,000 | 10,296,020 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 30,816,822 | 20,520,802 |
| 19.2 End of year (Line 18 plus Line 19.1) | 33,128,822 | 30,816,822 |

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

| | | | |
|---------|-------|-------|-------|
| 20.0001 | | | |
|---------|-------|-------|-------|

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS - SUMMARY

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|------------|-----------------|------------|----------------------|-----------------|---------------------|-----------|-------------------------|-------------------------|
| | Total | Individual Life | Group Life | Individual Annuities | Group Annuities | Accident and Health | Fraternal | Other Lines of Business | YRT Mortality Risk Only |
| 1. Premiums and annuity considerations for life and accident and health contracts | 80,285,889 | 24,086,738 | 8,802,414 | 28,031,630 | | 19,365,107 | | | |
| 2. Considerations for supplementary contracts with life contingencies | 504,999 | X X X | X X X | | 504,999 | X X X | X X X | | X X X |
| 3. Net investment income | 15,233,446 | 3,977,940 | 168,982 | 6,929,363 | 3,283,100 | 874,061 | | | |
| 4. Amortization of Interest Maintenance Reserve (IMR) | 333,917 | 67,813 | 1,759 | 221,426 | 30,221 | 12,698 | | | |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | | | | | | | X X X | | |
| 6. Commissions and expense allowances on reinsurance ceded | | | | | | | | X X X | |
| 7. Reserve adjustments on reinsurance ceded | | | | | | | | X X X | |
| 8. Miscellaneous Income | | | | | | | | | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | | | | | | | X X X | | |
| 8.2 Charges and fees for deposit-type contracts | 344,909 | | | 133,019 | 211,890 | X X X | X X X | | |
| 8.3 Aggregate write-ins for miscellaneous income | 1,209,601 | 410,937 | 157,016 | 338,710 | 169,253 | 133,685 | | | |
| 9. TOTALS (Lines 1 to 8.3) | 97,912,761 | 28,543,428 | 9,130,171 | 35,654,148 | 4,199,463 | 20,385,551 | | | |
| 10. Death benefits | 14,577,501 | 8,196,451 | 6,381,050 | | | | X X X | | |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | | | | | | | X X X | | |
| 12. Annuity benefits | 189,164 | X X X | X X X | | 189,164 | X X X | X X X | | X X X |
| 13. Disability benefits and benefits under accident and health contracts | 8,535,628 | | | | | 8,535,628 | X X X | | |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | | | | | | | X X X | | |
| 15. Surrender benefits and withdrawals for life contracts | 32,575,152 | 1,915,804 | | 30,659,348 | | | X X X | | |
| 16. Group conversions | | | | | | | X X X | | |
| 17. Interest and adjustments on contract or deposit-type contract funds | 10,512,622 | 674,375 | | 8,105,347 | 1,732,900 | | X X X | | |
| 18. Payments on supplementary contracts with life contingencies | 421,934 | | | | 421,934 | X X X | X X X | | |
| 19. Increase in aggregate reserves for life and accident and health contracts | 1,049,889 | 3,355,951 | (178,405) | (2,494,494) | 198,401 | 168,436 | X X X | | |
| 20. TOTALS (Lines 10 to 19) | 67,861,890 | 14,142,581 | 6,202,645 | 36,270,201 | 2,542,399 | 8,704,064 | X X X | | |
| 21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) | 5,843,611 | 1,657,340 | 428,905 | 406,168 | 5,469 | 3,345,729 | | | X X X |
| 22. Commissions and expense allowances on reinsurance assumed | | | | | | | X X X | | |
| 23. General insurance expenses and fraternal expenses | 19,939,929 | 7,082,533 | 1,709,145 | 3,906,618 | 732,491 | 6,509,142 | | | |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes | 1,866,483 | 628,341 | 151,669 | 346,671 | 65,001 | 674,801 | | | |
| 25. Increase in loading on deferred and uncollected premiums | 23,543 | 23,931 | | | | (388) | X X X | | |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | | | | | | | X X X | | |
| 27. Aggregate write-ins for deductions | | | | | | | | | |
| 28. TOTALS (Lines 20 to 27) | 95,535,456 | 23,534,726 | 8,492,364 | 40,929,658 | 3,345,360 | 19,233,348 | | | |
| 29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 - Line 28) | 2,377,305 | 5,008,702 | 637,807 | (5,275,510) | 854,103 | 1,152,203 | | | |
| 30. Dividends to policyholders and refunds to members | | | | | | | X X X | | |
| 31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 - Line 30) | 2,377,305 | 5,008,702 | 637,807 | (5,275,510) | 854,103 | 1,152,203 | | | |
| 32. Federal income taxes incurred (excluding tax on capital gains) | | | | | | | | | |
| 33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 2,377,305 | 5,008,702 | 637,807 | (5,275,510) | 854,103 | 1,152,203 | | | |
| 34. Policies/certificates in force end of year | | | | | | | X X X | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 08.301. Reinsurance Experience Refunds | 275,946 | 114,683 | 106,981 | | | 54,282 | | | |
| 08.302. Miscellaneous Income | 933,655 | 296,254 | 50,035 | 338,710 | 169,253 | 79,403 | | | |
| 08.303. | | | | | | | | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | | | | | | | | | |
| 08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above) | 1,209,601 | 410,937 | 157,016 | 338,710 | 169,253 | 133,685 | | | |
| 2701. | | | | | | | | | |
| 2702. | | | | | | | | | |
| 2703. | | | | | | | | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | | | | | | | | | |
| 2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) | | | | | | | | | |

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS - INDIVIDUAL LIFE INSURANCE (b)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|--|------------|-----------------|------------|-----------|--------------|----------------|--|---------------|-------------------------|-----------------|-----------------------|-------------------------|
| | Total | Industrial Life | Whole Life | Term Life | Indexed Life | Universal Life | Universal Life With Secondary Guarantees | Variable Life | Variable Universal Life | Credit Life (c) | Other Individual Life | YRT Mortality Risk Only |
| 1. Premiums for life contracts (a) | 24,086,738 | | 6,033,159 | 3,521,092 | | 1,260,666 | | | | 13,271,821 | | |
| 2. Considerations for supplementary contracts with life contingencies | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 3. Net investment income | 3,977,940 | | 1,669,336 | 957,039 | | 342,651 | | | | 1,008,914 | | |
| 4. Amortization of Interest Maintenance Reserve (IMR) | 67,813 | | 25,808 | 14,911 | | 6,046 | | | | 21,048 | | |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | | | | | | | | | | | | |
| 6. Commissions and expense allowances on reinsurance ceded | | | | | | | | | | | | |
| 7. Reserve adjustments on reinsurance ceded | | | | | | | | | | | | |
| 8. Miscellaneous Income | | | | | | | | | | | | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | | | | | | | | | | | | |
| 8.2 Charges and fees for deposit-type contracts | | | | | | | | | | | | |
| 8.3 Aggregate write-ins for miscellaneous income | 410,937 | | 164,132 | 95,791 | | 34,296 | | | | 116,718 | | |
| 9. TOTALS (Lines 1 to 8.3) | 28,543,428 | | 7,892,435 | 4,588,833 | | 1,643,659 | | | | 14,418,501 | | |
| 10. Death benefits | 8,196,451 | | 1,972,320 | 1,167,605 | | 28,295 | | | | 5,028,231 | | |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | | | | | | | | | | | | |
| 12. Annuity benefits | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 13. Disability benefits and benefits under accident and health contracts | | | | | | | | | | | | |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | | | | | | | | | | | | |
| 15. Surrender benefits and withdrawals for life contracts | 1,915,804 | | 1,915,804 | | | | | | | | | |
| 16. Group conversions | | | | | | | | | | | | |
| 17. Interest and adjustments on contract or deposit-type contract funds | 674,375 | | 208 | | | 674,167 | | | | | | |
| 18. Payments on supplementary contracts with life contingencies | | | | | | | | | | | | |
| 19. Increase in aggregate reserves for life and accident and health contracts | 3,355,951 | | 710,371 | 414,589 | | (91,786) | | | | 2,322,777 | | |
| 20. TOTALS (Lines 10 to 19) | 14,142,581 | | 4,598,703 | 1,582,194 | | 610,676 | | | | 7,351,008 | | |
| 21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) | 1,657,340 | | 677,147 | 393,950 | | 141,386 | | | | 444,857 | | X X X |
| 22. Commissions and expense allowances on reinsurance assumed | | | | | | | | | | | | |
| 23. General insurance expenses | 7,082,533 | | 1,772,492 | 1,033,423 | | 370,000 | | | | 3,906,618 | | |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes | 628,341 | | 158,753 | 88,885 | | 34,032 | | | | 346,671 | | |
| 25. Increase in loading on deferred and uncollected premiums | 23,931 | | 26,839 | | | (2,908) | | | | | | |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | | | | | | | | | | | | |
| 27. Aggregate write-ins for deductions | | | | | | | | | | | | |
| 28. TOTALS (Lines 20 to 27) | 23,534,726 | | 7,233,934 | 3,098,452 | | 1,153,186 | | | | 12,049,154 | | |
| 29. Net gain from operations before dividends to policyholders, refunds to members and federal income taxes (Line 9 - Line 28) | 5,008,702 | | 658,501 | 1,490,381 | | 490,473 | | | | 2,369,347 | | |
| 30. Dividends to policyholders and refunds to members | | | | | | | | | | | | |
| 31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 - Line 30) | 5,008,702 | | 658,501 | 1,490,381 | | 490,473 | | | | 2,369,347 | | |
| 32. Federal income taxes incurred (excluding tax on capital gains) | | | | | | | | | | | | |
| 33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 5,008,702 | | 658,501 | 1,490,381 | | 490,473 | | | | 2,369,347 | | |
| 34. Policies/certificates in force end of year | | | | | | | | | | | | |

6.1

DETAILS OF WRITE-INS

| | | | | | | | | | | | | |
|---|---------|--|---------|--------|--|--------|--|--|--|---------|--|--|
| 08.301. Reinsurance Experience Refunds | 114,683 | | 45,806 | 26,733 | | 9,571 | | | | 32,573 | | |
| 08.302. Miscellaneous Income | 296,254 | | 118,326 | 69,058 | | 24,725 | | | | 84,145 | | |
| 08.303. | | | | | | | | | | | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | | | | | | | | | | | | |
| 08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above) | 410,937 | | 164,132 | 95,791 | | 34,296 | | | | 116,718 | | |
| 2701. | | | | | | | | | | | | |
| 2702. | | | | | | | | | | | | |
| 2703. | | | | | | | | | | | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | | | | | | | | | | | | |
| 2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) | | | | | | | | | | | | |

(a) Include premium amounts for preneed plans included in Line 1 \$.....0

(b) Indicate if blocks of business in run-off that comprise less than 5% of premiums and less than 5% of reserve and loans liability are aggregated with material blocks of business and which columns are affected:

(c) Individual and Group Credit Life are combined and included on _____ page. (Indicate whether included with Individual or Group.)

ANNUAL STATEMENT FOR THE YEAR **2019** OF THE **COOPERATIVA DE SEGUROS DE VIDA DE PR, COSVI**
EXHIBIT 2 - GENERAL EXPENSES

| | Insurance | | | | 5 Investment | 6 Fraternal | 7 Total |
|--|------------|-----------------------|----------------|-------------------------------------|-----------------|----------------|----------------|
| | 1 Life | Accident and Health | | 4 All Other Lines of Business | | | |
| | | 2 Cost Containment | 3 All Other | | | | |
| 1. Rent | 1,964,886 | | 1,058,016 | | 725,568 | | 3,748,470 |
| 2. Salaries and wages | 4,141,166 | | 2,229,858 | | 84,496 | | 6,455,520 |
| 3.11 Contributions for benefit plans for employees | 470,964 | | 253,596 | | 9,610 | | 734,170 |
| 3.12 Contributions for benefit plans for agents | 716,455 | | 385,784 | | | | 1,102,239 |
| 3.21 Payments to employees under non-funded benefit plans | | | | | | | |
| 3.22 Payments to agents under non-funded benefit plans | | | | | | | |
| 3.31 Other employee welfare | 27,627 | | 14,876 | | 562 | | 43,065 |
| 3.32 Other agent welfare | | | | | | | |
| 4.1 Legal fees and expenses | 151,144 | | 81,386 | | 513 | | 233,043 |
| 4.2 Medical examination fees | 41 | | 35 | | | | 76 |
| 4.3 Inspection report fees | 103,959 | | | | | | 103,959 |
| 4.4 Fees of public accountants and consulting actuaries | 430,426 | | 231,767 | | 1,460 | | 663,653 |
| 4.5 Expense of investigation and settlement of policy claims | 33,000 | | | | | | 33,000 |
| 5.1 Traveling expenses | 108,120 | | 58,219 | | 367 | | 166,706 |
| 5.2 Advertising | 380,016 | | 204,624 | | | | 584,640 |
| 5.3 Postage, express, telegraph and telephone | 284,143 | | 153,001 | | | | 437,144 |
| 5.4 Printing and stationery | 74,053 | | 39,875 | | 251 | | 114,179 |
| 5.5 Cost or depreciation of furniture and equipment | 39,518 | | 21,279 | | 134 | | 60,931 |
| 5.6 Rental of equipment | 787,458 | | 424,016 | | 2,671 | | 1,214,145 |
| 5.7 Cost or depreciation of EDP equipment and software | 269,547 | | 145,140 | | 914 | | 415,601 |
| 6.1 Books and periodicals | 355 | | 191 | | | | 546 |
| 6.2 Bureau and association fees | 19,150 | | 10,312 | | | | 29,462 |
| 6.3 Insurance, except on real estate | 244,209 | | 131,497 | | 747 | | 376,453 |
| 6.4 Miscellaneous losses | | | | | | | |
| 6.5 Collection and bank service charges | 172,896 | | 93,098 | | 586 | | 266,580 |
| 6.6 Sundry general expenses | 1,292,938 | | 696,197 | | 173,174 | | 2,162,309 |
| 6.7 Group service and administration fees | 1,718,715 | | 276,376 | | 90,000 | | 2,085,091 |
| 6.8 Reimbursements by uninsured plans | | | | | | | |
| 7.1 Agency expense allowance | | | | | | | |
| 7.2 Agents' balances charged off (less \$.....0 recovered) | | | | | | | |
| 7.3 Agency conferences other than local meetings | | | | | | | |
| 8.1 Official publication (Fraternal Benefit Societies Only) | X X X | X X X | X X X | X X X | X X X | | |
| 8.2 Expense of supreme lodge meetings (Fraternal Benefit Societies Only) | X X X | X X X | X X X | X X X | X X X | | |
| 9.1 Real estate expenses | | | | | 1,414,655 | | 1,414,655 |
| 9.2 Investment expenses not included elsewhere | | | | | 257,242 | | 257,242 |
| 9.3 Aggregate write-ins for expenses | | | | | 157,152 | | 157,152 |
| 10. General expenses Incurred | 13,430,786 | | 6,509,143 | | 2,920,102 | (b) | (a) 22,860,031 |
| 11. General expenses unpaid December 31, prior year | 1,067,089 | | 574,587 | | 142,924 | | 1,784,600 |
| 12. General expenses unpaid December 31, current year | 1,257,523 | | 677,128 | | 168,431 | | 2,103,082 |
| 13. Amounts receivable relating to uninsured plans, prior year | | | | | | | |
| 14. Amounts receivable relating to uninsured plans, current year | | | | | | | |
| 15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14) | 13,240,352 | | 6,406,602 | | 2,894,595 | | 22,541,549 |

DETAILS OF WRITE-INS

| | | | | | | | |
|---|--|--|--|--|---------|--|---------|
| 09.301. 0 | | | | | 157,152 | | 157,152 |
| 09.302. | | | | | | | |
| 09.303. | | | | | | | |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page | | | | | | | |
| 09.399. TOTALS (Lines 09.301 through 09.303 plus 09.398) (Line 9.3 above) | | | | | 157,152 | | 157,152 |

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

(b) Show the distribution of this amount in the following categories (Fraternal Benefit Societies Only)

1. Charitable ; 2. Institutional ; 3. Recreational and Health ; 4. Educational
 5. Religious ; 6. Membership ; 7. Other ; 8. Total

EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

| | Insurance | | | 4 Investment | 5 Fraternal | 6 Total |
|---|-----------|--------------------------|----------------------------------|-----------------|----------------|------------|
| | 1 Life | 2 Accident and Health | 3 All Other Lines of Business | | | |
| 1. Real estate taxes | | | | 415,871 | | 415,871 |
| 2. State insurance department licenses and fees | 65,437 | 35,235 | | | | 100,672 |
| 3. State taxes on premiums | 323,904 | 195,959 | | | | 519,863 |
| 4. Other state taxes, incl. \$.....0 for employee benefits | 100,471 | 54,100 | | | | 154,571 |
| 5. U.S. Social Security taxes | 527,874 | 284,240 | | | | 812,114 |
| 6. All other taxes | 173,996 | 105,266 | | | | 279,262 |
| 7. Taxes, licenses and fees incurred | 1,191,682 | 674,800 | | 415,871 | | 2,282,353 |
| 8. Taxes, licenses and fees unpaid December 31, prior year | 109,322 | 58,866 | | 14,642 | | 182,830 |
| 9. Taxes, licenses and fees unpaid December 31, current year | 111,681 | 60,135 | | 14,958 | | 186,774 |
| 10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9) | 1,189,323 | 673,531 | | 415,555 | | 2,278,409 |

EXHIBIT 4 - DIVIDENDS OR REFUNDS

| | 1 Life | 2 Accident and Health |
|---|------------------------------------|--------------------------|
| | 1. Applied to pay renewal premiums | |
| 2. Applied to shorten the endowment or premium-paying period | | |
| 3. Applied to provide paid-up additions | | |
| 4. Applied to provide paid-up annuities | | |
| 5. TOTAL (Lines 1 through 4) | | |
| 6. Paid-in cash | | |
| 7. Left on deposit | | |
| 8. Aggregate write-ins for dividend or refund options | | |
| 9. TOTAL (Lines 5 through 8) | | |
| 10. Amount due and unpaid | | |
| 11. Provision for dividends or refunds payable in the following calendar year | | |
| 12. Terminal dividends | | |
| 13. Provision for deferred dividend contracts | | |
| 14. Amount provisionally held for deferred dividend contracts not included in line 13 | | |
| 15. TOTAL (Lines 10 through 14) | | |
| 16. TOTAL from prior year | | |
| 17. TOTAL Dividends or refunds (Lines 9 + 15 - 16) | | |

DETAILS OF WRITE-INS

| | | |
|--|--|--|
| 0801. | | |
| 0802. | | |
| 0803. | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | | |
| 0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) | | |

Notes to Financial Statements

Note 1. Organization and summary of significant accounting policies:

- A. Organization – Cooperativa de Seguros de Vida de Puerto Rico, COSVI, is a not-for-profit cooperative life insurance company domiciled in Puerto Rico, organized in December 11, 1959. COSVI is owned by 117 cooperative organizations (mainly credit unions) in Puerto Rico. The cooperative philosophy and the special provisions of Chapter 34 of the Puerto Rico Insurance Code (the Code) require COSVI to provide a complete package of insurance products and services to its members at the lowest cost, while also investing in cooperative education and special programs organized by its cooperative owners. Cooperatives constitute a strong economic sector of the economy in Puerto Rico and represent approximately 1,040,000 members.

COSVI's primary business is the sale of group life, annuity and accident and health insurance through approximately 100 exclusive career agents and sales supervisors in five regional offices and personal producing general agents (PPGA's) mainly for group accident and health product distribution. Through its AVANCOOP program, COSVI distributes its individual products through nearly 105 credit unions, in each of which a career agent is maintained to market the COSVI's life, annuity, IRA's and cancer products to complement the cooperative's credit financial products. Its group health activities include disability income, long-term disability and dread disease coverage under fully insured contracts. COSVI also offers a complete portfolio of ordinary life policies, including whole life, interest sensitive whole life, endowment and term insurance.

Most of the policies written by COSVI are issued on a non-participating basis. However, a small number of policies are participating and the amount of annual dividends is determined by actuarial formulas approved by the Commissioner of Insurance of the Commonwealth of Puerto Rico (the Commissioner). The amount of dividends to be paid annually to policyholders is determined by the Board of Directors. These dividends at the policyholder's option can be paid in cash or capitalized.

The accompanying statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Commissioner, which vary in some respects with accounting policies under NAIC SSAP. The following are the most significant practices permitted by the Commissioner that differ from NAIC SSAP:

A) The Commissioner permits the classification of mutual funds that invest ninety percent (90%) or more of its assets in preferred debt and conduit debt issued by the Puerto Rico Industrial, Medical and Environmental Control Facilities Financing Authority (AFICA) as bonds instead of common stock.

B) The Commissioner has permitted COSVI to record otherwise capitalized dividends on its investment in other cooperative institutions as dividend income.

A reconciliation of COSVI's net income and capital and surplus between NAIC SSAP and practices prescribed or/and permitted by the Commissioner is shown below:

| Description | State of Domicile | 2019 | 2018 |
|---|-------------------|---------------|---------------|
| Net income (loss), Commissioner's basis | PR | \$ 2,388,060 | \$ 688,290 |
| Net Income NAIC SSAP basis | PR | 2,388,060 | 688,290 |
| Statutory surplus Commissioner's basis | | 22,015,238 | 21,060,899 |
| Statutory surplus NAIC SSAP basis | PR | \$ 22,015,238 | \$ 21,060,899 |

- B. Use of Estimates in the Preparation of the Financial Statements – The accompanying statutory financial statements have been prepared in accordance with insurance accounting practices prescribed or permitted by the Commissioner, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (US GAAP).

COSVI follows the National Association of Insurance Commissioners' Statements of Statutory Accounting Principles (NAIC SSAP) as the basis of its statutory accounting principles (SAP), as long as they do not contradict the provisions of the Code, Normative Letters and Circular Letters issued by the Commissioner.

Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC) including its codification contained in its Accounting Practices and Procedures Manual (the Manual), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Commissioner has the right to permit other specific practices that may deviate from prescribed practices. Accordingly, the Commissioner has adopted certain prescribed accounting practices that differ from those found in NAIC SSAP

Notes to Financial Statements

C. Accounting Policies – The accounting policies followed by COSVI conform to predominant practices followed by the industry and are in conformance with accounting practices prescribed or permitted by the Commissioner. The most significant accounting policies followed by COSVI and the most significant differences between the NAIC SSAP and GAAP bases of accounting, and related financial statements presentation are summarized below:

1. Accounting estimates – The preparation of financial statements in conformance with the accounting practices prescribed or permitted by the Commissioner and NAIC SSAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
2. Fair value measurements – Financial instruments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market or observable inputs are the preferred source of value, followed by assumptions based on hypothetical transactions in the absence of market input.

The valuation techniques are based upon observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect COSVI's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model are unobservable.

COSVI maintains policies and procedures to value financial instruments using the best and most relevant data available.

3. Investments – Bonds and stocks are valued in accordance with rules promulgated by NAIC SSAP. Bonds eligible for amortization under such rules are stated at amortized cost. Premiums and discount are amortized using the interest method. Net realized gains and losses on the sale of bonds are determined using the specific-identification method and are accounted for as an increase (decrease) to the interest maintenance reserve.

Mortgage-backed securities and mortgage loans are carried at cost, net of unamortized premiums and/or discounts. Mortgage-backed securities are revalued in order to reflect principal prepayment assumptions using the prospective method.

Common stocks are carried at estimated fair value, except for certain stocks for which fair value is not readily determinable and are therefore carried at cost, while preferred stocks are carried at cost. Unrealized gains and losses on common stocks are credited (charged) to surplus.

Net realized gains and losses on the sale of bonds and mortgage-backed securities are determined using the specific identification method and are accounted for as an increase (decrease) to the interest maintenance reserve, except for those realized gains (losses) related to excess withdrawal activities, which are credited (charged) to operations. Gains and losses on sale of stocks are credited (charged) to operations. Investment purchases and sales are recorded on the trade date. Non-settled transactions at balance date are reflected as a receivable or payable.

4. Mortgage loans – Are reported at unpaid principal balance for statutory purposes, whereas for GAAP purposes, they are reported at unpaid principal balance net of unearned interest and an allowance for loan losses, as determined.
5. Property occupied by COSVI – Investment in property occupied by COSVI is reported net of related obligations rather than on a gross basis. Real estate owned and occupied by COSVI is included in investments rather than reported as an operating asset as under GAAP, and investment income and operating expenses include rent for COSVI's occupancy of those properties. Real estate is recorded at their respective stated values net of accumulated depreciation and net of the outstanding balance of the related collateralized mortgage note payable. Depreciation is determined under the straight-line method over the estimated useful life of 50 years.
6. Loan-backed securities – Mortgage-backed securities and mortgage loans are carried at cost, net of unamortized premiums and/ or discounts. Mortgage-backed securities are revalued in order to reflect principal prepayment assumptions using the prospective method.

Notes to Financial Statements

7. Property-held-for the production of income – Investment in property-held-for the production of income is reported at depreciated cost net of related obligations rather than on a gross basis.
8. Properties-held-for sale – Investments in properties held-for-sale are reported at the lower of its carrying value or fair value less cost to sell. These assets are not depreciated while classified as held-for-sale and are reported net of related obligations. Any impairment loss to be recognized is measured as the amount by which the carrying amount of these assets exceeds its fair value at the balance sheet date. Investment in properties-held-for sale is reported net of related obligations rather than on a gross basis. The maximum period of retention of the properties as admitted assets under the code is five (5) year. During year ended December 31, 2019 an impairment was recognized for approximately 15,000. No Impairment was recognized during the year ended December 31, 2018.
9. Policy loans – Are reported at their aggregate unpaid balances. The amount, if any, in excess of the cash surrender value of a policy is considered a non-admitted asset. In addition, any portion that is considered uncollectible is written-off as a reduction of investment income.
10. Cash equivalents – Represent highly liquid and very safe instruments, which can be easily converted into cash. Savings certificates and deposits in cooperatives with maturity of three months or less and money market funds are considered to be cash equivalents. As of December 31, 2019 and December 31, 2018, there were \$21,531,252 and \$12,774,013 in cash equivalents and money markets funds.
11. Electronic data processing (EDP) equipment and operating system software – Are depreciated over the lesser of its estimated useful life or three years. Depreciation is determined under the straight-line method. For NAIC SSAP, the aggregate amount of admitted EDP equipment and operating software (net of accumulated depreciation and amortization) is limited to three percent (3%) of the capital and surplus as reported in its most recently filed statement with the Commissioner.
12. Non-admitted assets – Certain assets designated as non-admitted assets (principally agents' balances, certain premiums receivable, prepaid expenses and other receivables, application software and furniture and equipment) have been excluded from the statutory statements of admitted assets, liabilities, and capital and surplus by a charge to unassigned surplus. .

The non-admitted assets charged to unassigned surplus are as follows:

| Description | 2019 | 2018 |
|---|--------------|--------------|
| Agents' balances | \$ 6,170,575 | \$ 5,488,256 |
| Premiums and other receivables | 157,860 | 166,210 |
| Furniture equipment | 99,748 | 104,552 |
| Leasehold Improvement | 302,701 | 344,036 |
| Prepaid expenses | 882,866 | 365,084 |
| Electronic data processing equipment and software | 22,487 | 50,688 |
| Real Estate | 508,350 | 508,350 |
| Properties held for sale | 625,000 | 700,000 |
| Other assets | 223,123 | 163,387 |
| | \$ 8,992,710 | \$ 7,890,563 |

13. Policy and contract reserves and claims – Policy and contract reserves are based on statutory mortality and interest requirements without consideration of lapses and withdrawals. As of December 2019 and 2018, most of the policies in force were under the CSO 1958, CSO 1980 and CSO 2001 mortality tables, with interest assumptions, which fluctuate between 2.50% and 5.50%. On December 14, 2005, the Commissioner approved the use of the 2001 mortality tables, effective January 1, 2005. Approximately 98% of the reserves are calculated on a modified reserve basis as to partially offset the effect of immediately expensing acquisition costs by providing a policy reserve increase in the first policy year that is less than the first year increase under the net level premium method. The reserve balance relating to pension plans is determined based on contributions received (employer and employees) plus accrued interest, and the reserve relating to group policies is determined for an amount equal to unearned premiums.

For December 31, 2014 due to an excessive conservatism, the Commissioner approved for the Personal Loans Credit Life mortality reserve the use of a minimum of 63% for the setup of the correspondent reserve. This transaction represented a reserve decrease of \$8.9 million.

COSVI waives deduction of deferred fractional premium upon death of insured and returns any portion of the final premium beyond the date of death. A factor is applied against each block of reserves.

Notes to Financial Statements

For life contracts, mean reserves are determined by computing the regular mean reserve for the plan. In addition, COSVI holds one-half of the extra premium charge for the years. Credit reserves are based on statutory mortality reserves determined by formula. Substandard reserves are determined by the increasing mortality in proportion to the substandard risk percentage. As of December 31, 2019 and 2018, COSVI has approximately \$1,012,719 and \$1,462,280 respectively, of insurance in-force for which the gross premiums are less than the net premiums according to the standard of valuation set by the Commissioner. As of December 31, 2019 and 2018, COSVI have reserve related to premium deficiency by the amount of approximately \$64,000 and \$58,000 respectively.

The tabular interest, tabular less actual revenue released and tabular cost have been determined by formulas as per NAIC SSAP. The tabular interest of funds not involving life contingencies has been determined by formulas as per NAIC SSAP. The net other increases are determined as per NAIC SSAP.

14. Reinsurance – Policy and contract liabilities ceded to reinsurers have been reported as reductions of the related reserves rather than as assets as would be required under GAAP. Commissions allowed by reinsurers on business ceded are reported as income when received rather than being deferred and amortized with deferred policy acquisition costs as required under GAAP.
15. Interest maintenance reserve (IMR) and asset valuation reserve (AVR) – The IMR is designed to capture realized gains and losses arising as a result of changes in market rates, which are then amortized to operations until the stated maturity of the investment. The AVR, which is in the nature of a contingency reserve for possible losses arising from fluctuations in the estimated fair value of bonds and stocks held as investments, is recorded as a liability through a charge to surplus.
16. Revenue recognition – Life premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance contracts or policies. Premiums received for annuity policies without mortality or morbidity risk are recognized using deposit accounting. Acquisition costs such as commissions and other costs related to acquiring new business are charged to current operations as incurred.
17. Dividends – Dividends to cooperatives, which are stockholders of COSVI, are charged to surplus. Patronage dividends to policyholders are charged to current operations. Any difference between the accrued dividend (estimate) and the actual payments to policyholders is reflected as a charge or credit to operations in the year payments are made.
18. Defined benefit pension plan valuation – The valuation for COSVI's employees' pension plan was computed in accordance with the Manual, which requires the use of the guidelines provided by the Compensation-Retirement Benefits Topic of the FASB Accounting Standards Codification, except for the exclusion of employees with non-vested benefits. This standard requires the employer to recognize effective on January 1, 2013, NAIC adopted SSAP No. 102, Accounting for Pensions, a replacement of SSAP No. 89 which requires the recognition of a liability for the full unfunded amount determined by comparing the accumulated benefit obligation to the fair value of plan assets. For the year ended December 31, 2013, the impact to COSVI was \$3,692,703 which COSVI elected to immediately recognize as an incremental liability with an offset directly to surplus.
19. Defined contribution pension plan – Contributions are expensed over the period in which the employee vests in those contributions. Contributions to plan participants' accounts made prior to vesting are reported as prepaid expenses and are considered a non-admitted asset. Contributions required after a participant terminates or retires shall be accrued and an expense shall be recorded over the working lives of the participants beginning at the date the participant initially vests in plan contributions. Effective March 1, 2015 as a cost containment policy, COSVI discontinued the matching contributions to the defined contribution pension plan, which was based on \$1.00 for each dollar contributed by the employee, up to 5% of compensation. Effective January 24, 2020 COSVI restored the matching contributions, based on \$1.00 for each dollar contributed by the employee, up to 1% of compensation.

Note 2. Accounting Changes and Corrections of Errors

Not applicable

Note 3. Business Combinations and Goodwill

Not applicable

Notes to Financial Statements

Note 4. Discontinued Operations:

On March 17, 2009, COSVI entered into an Asset Purchase Agreement (“APA”) whereby it sold its healthcare operations related to its group health medical plan and individual health Medicare Advantage lines of business to a domestic insurance company (the Purchaser). In connection with such sale, COSVI sold all of its insured commercial membership, as well as its administrative services only agreement.

The APA provides for an initial Payment for each enrolled part D member as reflected on the Center for Medicare and Medicaid Service Report (CMSR) on the following the closing date, and a Final Payment per member enrolled as of December 31, 2009, subject to an adjustment of \$100,000 for every 10 basis points of Medicare Loss Ratio (MLR) above 92%, determined as of April 30, 2010.

On May 6, 2009, an Initial Payment of \$7,539,000 was received, which was subsequently reduced by \$550,000 for retroactive adjustment by Purchaser not contemplated in the APA

For March 15, 2017, the Final Payment had not been received since the Purchaser alleged that the MLR exceeded one hundred percent (100%).

From the information provided by the Purchaser, as requested by COSVI, documenting its calculation of the MLR, COSVI was able to observe numerous discrepancies, errors and inconsistencies in the Purchaser’s calculation and determined the MLR to be 88.7%. The Purchaser recognized and agreed with certain errors but has refused to recalculate the final Payment, incorporating COSVI’s observations, recognize departures from the Asset Purchase Agreement and Industry Standards nor to provide additional documentation to resolve the discrepancies informed, as previously agreed with its management and legal counsel. After numerous meeting and correspondences in an attempt to resolve the issues, the purchaser ceased cooperating, causing COSVI to initiate legal proceeding.

On October 13, 2011, COSVI brought a suit for breach of contract against the Purchaser. The complaint contends that the Purchaser owed the following amounts: \$550,000 for the remainder of the Initial Payment, plus interest of \$191,317; \$5,425,000 for the final payment, plus interest of \$1,064,100; \$129,484 for risk factor adjustment, plus interest of \$110,562 and \$50,520 for plan to plan payments, plus interest of \$15,571, for a total of \$7,536,554 as allowed by the terms of the APA.

Management and its legal counsel are of the opinion that COSVI has taken all necessary steps to accurately calculate the amount owed by the Purchaser, and to ensure payment of the same. In addition the legal counsel is of the opinion that COSVI has a high likelihood of prevailing in its legal action against the Purchaser and that based on the legal merit and strength of the case against the Purchaser and the applicable provisions of the Insurance Code and NAIC Accounting and Procedures Manual, the receivable should not be recorded as impaired since it is not “probable” that COSVI will lose the case.

On 2014 the Purchaser admitted that the \$550,000 recovered from the Initial Payment shall be reimbursed to COSVI. For November 16, 2015 the Purchaser made a Partial Transaction Agreement, Partial Relief and Request of Partial Judgment for Stipulation with COSVI, to reimburse the \$550,000 deducted from the initial payment, the \$129,000 from risk factor adjustment and \$51,000 from plan to plan payments. The payment of \$730,000 was received for January 13, 2016. The APA provide for a one percent (1%) monthly interest over the total amount owed to Seller until the Seller receives the full initial payment. On December 19, 2018, the Purchaser and COSVI made a Confidential Transaction Agreement and General Relief.

Note 5. Investments

- A. Mortgage loans – COSVI purchases residential mortgage loans from a mortgage-lending institution and various cooperative institutions. These institutions provide the full servicing and management of the mortgage loans sold to COSVI. Such mortgage loans are sold at 100% of the unpaid principal balance outstanding at the date of the transaction. Interest earned by COSVI on these mortgage loans is guaranteed by the mortgage-lending institutions in accordance with the terms and conditions in effect for each transaction. During the year ended December 31, 2019 and December 31, 2018, there were no purchases of mortgage loans.

1. The maximum and minimum lending rates for mortgage loans during the year ended 2019 were:

| | |
|-------------------|---------------|
| Farm loans | No Applicable |
| Residential loans | 5.5% to 11% |
| Commercial loans | No Applicable |

2. The loan to value ratio related to the mortgage loans purchased by COSVI should not exceed 80%.

| | Current Year | Prior Year |
|--|--------------|------------|
| 3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total | NONE | NONE |

Notes to Financial Statements

4. Age Analysis of Mortgage Loans

| | | Residential | | | Commercial | | Mezzanine | Total |
|-----|--|-------------|---------|--------------|------------|-----------|-----------|--------------|
| | | Farm | Insured | All Other | Insured | All Other | | |
| a. | Current year | | | | | | | |
| 1. | Recorded Investment (All) | | | | | | | |
| (a) | Current | \$ | \$ | \$ 737,604 | \$ | \$ | \$ | \$ 737,604 |
| (b) | 30-59 Days Past Due | | | 231,234 | | | | 231,234 |
| (c) | 60-89 Days Past Due | | | 283,997 | | | | 283,997 |
| (d) | 90-179 Days Past Due | | | 524,315 | | | | 524,315 |
| (e) | 180+ Days Past Due | | | 2,221,063 | | | | 2,221,063 |
| 2. | Accruing Interest 90-179 Days Past Due | | | | | | | |
| (a) | Recorded Investment | \$ | \$ | \$ 524,315 | \$ | \$ | \$ | \$ 524,315 |
| (b) | Interest Accrued | | | \$ 7,175 | | | | \$ 7,175 |
| 3. | Accruing Interest 180+ Days Past Due | | | | | | | |
| (a) | Recorded Investment | \$ | \$ | \$ 2,221,063 | | | | \$ 2,221,063 |
| (b) | Interest Accrued | | | - | | | | - |
| 4. | Interest Reduced | | | | | | | |
| (a) | Recorded Investment | \$ | \$ | \$ - | \$ | \$ | \$ | \$ - |
| (b) | Number of Loans | | | - | | | | - |
| (c) | Percent Reduced | | | - | | | | - |
| b. | Prior Year | | | | | | | |
| 1. | Recorded Investment (All) | | | | | | | |
| (a) | Current | \$ | \$ | \$ 657,195 | \$ | \$ | \$ | \$ 657,195 |
| (b) | 30-59 Days Past Due | | | 249,788 | | | | 249,788 |
| (c) | 60-89 Days Past Due | | | 101,463 | | | | 101,463 |
| (d) | 89-179 Days Past Due | | | 526,402 | | | | 526,402 |
| (e) | 180+ Days Past Due | | | 2,533,970 | | | | 2,533,970 |
| 2. | Accruing Interest 90-179 Days Past Due | | | | | | | |
| (a) | Recorded Investment | \$ | \$ | \$ 526,402 | \$ | \$ | \$ | \$ 526,402 |
| (b) | Interest Accrued | | | \$ 11,982 | | | | \$ 11,982 |
| 3. | Accruing Interest 180+ Days Past Due | | | | | | | |
| (a) | Recorded Investment | \$ | \$ | \$ 2,533,970 | | | | \$ 2,533,970 |
| (b) | Interest Accrued | | | | | | | |
| 4. | Interest Reduced | | | | | | | |
| (a) | Recorded Investment | \$ | \$ | \$ - | \$ | \$ | \$ | \$ - |
| (b) | Number of Loans | | | - | | | | - |
| (c) | Percent Reduced | | | - | | | | - |

In June 2009, COSVI entered into a settlement agreement with one of its mortgage banking institution whereby COSVI received various residential properties as a settlement for the mortgage loans accounts maintained at the moment the mortgage banking institution terminated its operations.

5. Investment Impaired Loans With or Without Allowance for Credit Losses:

No Applicable

6. Investment in Impaired Loans - Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting

No Applicable

Notes to Financial Statements

7. Allowance for credit losses:

| | | Current Year 2019 | Prior Year 2018 |
|------------------------------|---|----------------------|--------------------|
| Allowance for credit losses: | | | |
| a. | at beginning of period | \$ 917,295 | \$ 1,150,729 |
| b. | Additions charged to operations | \$ 157,494 | \$ 78,103 |
| c. | Direct write-downs charged against the allowances | \$ - | \$ - |
| d. | Recoveries of amounts previously charged off | \$ (269,828) | \$ (311,537) |
| e. | Balance at end of period | \$ 804,961 | \$ 917,295 |

8. Mortgage Loan Derecognized as a result of Foreclosure - None

9. Interest Income of Impaired loans is reported as "collected" when cash is received.

B. Trouble debt restructuring for creditors

Not applicable

C. Reverse mortgages

Not applicable

D. Loan Back Securities

The Company has no investment in Loan Back Securities.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

3 (b) Not applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable

J. Real Estate Investment

COSVI entered into a settlement agreement with a mortgage banking institution whereby COSVI received various residential properties as a settlement for certain mortgage loans accounts maintained by COSVI at the moment such mortgage banking institution terminated its operations. Management's intention is to sell these properties prior to the maximum period of five years allowed under the Code for retention of properties held for sale. The maximum period of retention of the properties as admitted assets under the code is five (5) year. During year ended December 31, 2019 an impairment was recognized for approximately 15,000. No Impairment was recognized during the year ended December 31, 2018.

K. Investment in low-income housing tax credits

Not applicable

L. Restricted Assets

1. Restricted Assets

Notes to Financial Statements

| 2. Restricted Asset Category | Gross Restricted | | | | | | | Percentage | | |
|---|-----------------------------|--|--|--|------------------|-----------------------|----------------------------------|--|----------------------------------|--|
| | Current Year | | | | | 6 | 7 | 8 | 9 | 10 |
| | 1 | 2 | 3 | 4 | 5 | | | | | |
| | Total General Account (G/A) | G/A Supporting S/A Restricted Assets (a) | Total Separate Account (S/A) Restricted Assets | S/A Assets Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase/ (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| a. Subject to contractual obligation for which liability is not shown | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| b. Collateral held under security lending arrangements | | | | | | | | | | |
| c. Subject to repurchase agreements | | | | | | | | | | |
| d. Subject to reverse repurchase agreements | | | | | | | | | | |
| e. Subject to dollar repurchase agreements | | | | | | | | | | |
| f. Subject to dollar reverse repurchase agreements | | | | | | | | | | |
| g. Placed under option contracts | | | | | | | | | | |
| h. Letter stock or securities restricted as to sale | | | | | | | | | | |
| i. FHLB capital stock | | | | | | | | | | |
| j. On deposit with state | \$1,865,317 | | | | \$1,865,317 | \$1,792,470 | \$72,847 | \$1,865,317 | 0.331 | 0.337 |
| k. On deposit with other regulatory bodies | | | | | | | | | | |
| l. Pledged as collateral to FHLB (including assets backing) | | | | | | | | | | |
| m. Pledged as collateral not captured in other categories | | | | | | | | | | |
| n. Other restricted assets | | | | | | | | | | |
| o. Total Restricted Assets | \$1,865,317 | | | | \$1,865,317 | \$1,792,470 | \$72,847 | \$1,865,317 | 0.331 | 0.337 |

(a) Subset of column 1

(b) Subset of column 3

(c) Column 5 divided by Asset Page, Column1 Line 28

(d) Column 9 divided by Asset Page, Column3 Line 28

2. Detail of Assets Pledged as Collateral not captured in other categories – None

3. Detail of other restricted assets – None

Notes to Financial Statements

4. Collateral received and reflected as assets within the reporting Entity's Financial Statement – None

M. Working Capital Finance Investment

2. Not applicable

3. Not applicable

N. Offsetting and netting of assets and liabilities

Not applicable

O. Structured notes

The Company has no investments in structured notes.

P. Investments in bonds, and equity securities

The amortized cost, gross unrealized gains and losses, and estimated fair value of bonds, and equity securities at December 31, 2019 and December 31, 2018, are as follows:

| Description | December 31, 2019 | | | |
|--|------------------------------|----------------------|------------------------|-------------------------|
| | Cost or amortized Cost | Gross unrealized | | Estimated fair value |
| | | Gains | Losses | |
| Debt securities: | | | | |
| Obligations of U.S. Government agencies and state agencies | \$ 219,827,077 | \$ 13,686,077 | \$ (611,710) | \$ 232,901,444 |
| Obligations of the Commonwealth of Puerto Rico (1) | 32,607,278 | 3,582,197 | (1,128,404) | 35,061,371 |
| Bond Mutual Funds (Class 1) | 5,564,658 | 80,338 | (1,545,095) | 4,099,901 |
| Corporate fixed-income securities | 65,523,216 | 4,266,990 | (229,620) | 69,560,586 |
| | <u>323,522,229</u> | <u>21,615,602</u> | <u>(3,514,829)</u> | <u>341,623,002</u> |
| Equity securities: | | | | |
| Common stocks | 16,388,232 | 465,830 | (170,715) | 16,683,347 |
| Preferred stocks | 253,116 | - | - | 253,116 |
| | <u>\$ 340,163,577</u> | <u>\$ 22,081,432</u> | <u>\$ (3,685,544)</u> | <u>\$ 358,559,465</u> |
| December 31, 2018 | | | | |
| Description | Cost or amortized cost | Gross unrealized | | Estimated fair value |
| | | Gains | Losses | |
| Debt securities: | | | | |
| Obligations of U.S. Government agencies and state agencies | \$ 209,115,839 | \$ 9,368,206 | \$ (2,024,878) | \$ 216,459,167 |
| Obligations of the Commonwealth of Puerto Rico (1) | 82,495,416 | 2,580,136 | (34,715,170) | 48,783,881 |
| Bond Mutual Funds (Class 1) | 3,713,343 | 7,600 | (2,182,407) | 540,784 |
| Corporate fixed-income securities | 48,844,442 | 8,076 | (2,518,007) | 46,334,511 |
| | <u>344,169,040</u> | <u>11,964,018</u> | <u>(41,440,462)</u> | <u>314,692,596</u> |
| Equity securities: | | | | |
| Common stocks | 12,271,775 | 132,517 | (360,401) | 12,043,891 |
| Preferred stocks | 253,116 | - | - | 253,116 |
| | <u>\$ 356,693,931</u> | <u>\$ 12,096,535</u> | <u>\$ (41,800,863)</u> | <u>\$ 326,989,603</u> |

(1.) On July 1, 2015 \$128,424,672 in Obligations of the Commonwealth of Puerto Rico, were ceded to an Aggregate Excess of Loss Reinsurance Agreement that apply to Annuity Contracts. According with the Reinsurance Contract, the amortized cost of the Obligations of the Commonwealth of Puerto Rico were decreased or increased to reflect the changes in market value. For December 31, 2019 and December 31,

Notes to Financial Statements

2018 the portfolio ceded to the Aggregate Excess of loss Reinsurance Agreement that apply to Annuity Contracts consist of \$28,216,044 in Obligations of the Commonwealth of Puerto Rico and \$72,588,079 in Corporate Bonds, Federal Obligations, Stock, and cash and cash equivalent, and \$70,327,531 in Obligations of the of the Commonwealth of Puerto Rico and \$55,509,604 in Corporate Bonds, Federal Obligations, Stocks, and cash and cash equivalent, respectively. From the sale and conversion of Obligation of the Commonwealth of Puerto Rico, were recorded for December 31, 2019 and December 31, 2018 a loss of \$1,128,404 and \$34,532,390.

The carrying value and estimated fair value of bonds as of December 31, 2019 by contractual maturity are as follows:

| Description | Cost or Amortized Cost | Estimated Fair Value |
|--|---------------------------|-------------------------|
| Due within one year or less | \$ 5,265,433 | \$ 5,377,226 |
| Due after one year through five years | 60,562,368 | 62,879,682 |
| Due after five years through ten years | 164,730,398 | 174,091,828 |
| Due after ten years through twenty years | 71,865,399 | 78,094,744 |
| Due after twenty years | 15,533,973 | 17,079,620 |
| Bonds Mutual Funds (Class1) | 5,564,658 | 4,099,901 |
| | \$ 323,522,229 | \$ 341,623,002 |

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Management periodically evaluates portfolio investments with unrealized losses in order to determine whether such losses should be considered other-than-temporary in accordance with NAIC SSAP. In the case of fixed income securities, the following is considered:

- A) The issuer's historical credit rating.
- B) Changes in the open market interest rates.
- C) Historical of interest payments for each security.
- D) Historical evaluation of its market value
- E) The financial condition and prospects of the issuer, including any specific events that may influence the operations of the issuer
- F) The intent and ability of the institution to retain its investment for a period of time sufficient to allow for any anticipated recovery in fair value
- G) The length of time and the extent to which fair value has been less than the amortized cost basis.

During the year ended December 31, 2019 and year ended December 31, 2018 there were not market declines on debt investments that were considered other-than temporary losses.

In the case of equity securities, the following is considered

- A) Economic sector of the investment.
- B) Individual and unique events that have cause the continuous drop in market value for that particular stock.
- C) Analysts' evaluations of particular stocks as published in Bloomberg terminal function ANR.
- D) Historical evaluation of its market value.
- E) A significant deterioration in the earnings performance, asset quality, or business prospects of the issuer
- F) A significant adverse change in the regulatory, economic, or technological environment of the issuer
- G) A significant adverse change in the general market condition of either the geographic area or the industry in which the issuer operates
- H) Factors that raise significant concerns about the issuer's ability to continue as an ongoing concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants
- I) COSVI Management's ability and intention to hold the investment for a reasonable time until it recovers a reasonable amount of its cost.

During the year ended December 31, 2019 and year ended December 31, 2018 there \$0, respectively in market declines on certain equity investments that were considered other-than temporary losses.

Notes to Financial Statements

The tables below summarize as of year ended December 31, 2019 and December 31, 2018, unrealized losses on all securities held in loss position by both asset class and length of time that a security has been in a loss position:

| Description | December 31, 2019 | | | |
|--|----------------------|---------------------|----------------------|-----------------------|
| | Less than 12 months | | 12 months or more | |
| | Estimated fair value | Unrealized Losses | Estimated fair Value | Unrealized Losses |
| Corporate fixed-income securities | \$ 11,742,122 | \$ (192,467) | \$ 1,141,920 | \$ (37,153) |
| Obligations of U.S. Government agencies and state agencies | 25,769,019 | (369,653) | 5,019,614 | (242,057) |
| Obligations of the Commonwealth of Puerto Rico | - | - | 3,937,500 | (1,128,404) |
| Bonds Mutual Funds (Class 1) | 2,791,329 | (18,421) | 511,699 | (1,526,674) |
| Equity securities – Common stocks | 4,490,799 | (167,710) | 979,669 | (3,005) |
| | <u>\$ 44,793,269</u> | <u>\$ (748,251)</u> | <u>\$ 11,590,402</u> | <u>\$ (2,937,293)</u> |

| Description | December 31, 2018 | | | |
|--|----------------------|------------------------|----------------------|------------------------|
| | Less than 12 months | | 12 months or more | |
| | Estimated fair value | Unrealized Losses | Estimated fair value | Unrealized Losses |
| Corporate fixed-income securities | \$ 37,745,154 | \$ (2,166,734) | \$ 6,613,505 | \$ (351,273) |
| Obligations of U.S. Government agencies and state agencies | 14,365,246 | (35,038) | 48,038,418 | (1,989,840) |
| Obligations of the Commonwealth of Puerto Rico | 5,738,558 | (8,062,845) | 28,949,983 | (26,652,325) |
| Bonds Mutual Funds (Class 1) | - | - | 780,936 | (2,182,407) |
| Equity securities –Common stocks | 2,706,648 | (357,784) | 980,057 | (2,617) |
| | <u>\$ 60,555,606</u> | <u>\$ (10,622,401)</u> | <u>\$ 85,362,899</u> | <u>\$ (31,178,462)</u> |

U.S. Treasury securities, obligations of U.S. Government agencies and state agencies and obligations of the Commonwealth of Puerto Rico – The unrealized gains and losses on these investments, were mainly caused by decrease of the market value. Because COSVI has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, COSVI does not consider these investments to be other-than-temporarily impaired.

Equity securities – The unrealized losses of investments in equity securities consist mainly of mutual funds invested in common stocks and common stocks portfolio diversified across the U.S. economy which invest in the following sectors: technological, pharmaceuticals, manufacturing, entertainment, financial services and natural resources. The remainder of the portfolio reflects unrealized losses on investments that individually are not significant, but in the aggregate represent the balance of the unrealized losses. The temporary losses on the market value of these shares are attributed to general decrease of the market values and their indexes, and not necessarily to some specific situation of any individual investments.

Realized gains and losses on bonds and common and preferred stocks for the year ended December 31, 2019 and year ended December 31, 2018, are as follows:

| Description | December 31, 2019 | December 31, 2018 |
|---|-------------------|-------------------|
| Bonds | | |
| Proceeds from sales and principal redemptions | \$ 112,504,477 | \$ 69,233,109 |
| Gross gains | \$ 527,763 | \$ 280,616 |
| Gross losses | \$ (427,067) | \$ (218,928) |

Notes to Financial Statements

| | | |
|---|--------------|--------------|
| Realized gain amortized from the interest maintenance reserve | \$ 333,917 | \$ 422,638 |
| Common and preferred stocks- Proceeds from sale of stocks | \$ 4,402,375 | \$ 2,604,023 |
| Gross gains | \$ 29,035 | \$ 36,168 |
| Gross losses | \$ (134,693) | \$ (2,285) |

Net Realized Capital Gain (Loss) for the year ended December 31, 2019 and year ended December 31, 2018 are as follows:

| | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|
| Bonds | | |
| Net Gain (Loss) | \$ 106,696 | \$ 61,688 |
| Common and preferred stocks- | | |
| Net Gain (Loss) | \$ (105,658) | \$ 33,883 |
| Common and preferred stocks- OTTI | - | - |
| Mortgage Loan - OTTI | - | - |
| Mortgage Loan | | |
| Net Loss | \$ 93,010 | \$ (8,275) |
| Transfer to interest maintenance reserve | \$ (83,292) | \$ (61,590) |
| Net Realized Capital Loss | \$ 10,756 | \$ 25,706 |

The components of net investment income (loss) for the year ended December 31, 2019, and year ended December 31, 2018 are as follows:

| | December 31, 2019 | December 31, 2018 |
|---|----------------------|----------------------|
| Bonds | \$ 15,392,274 | \$ 12,230,610 |
| Less: Bonds Reinsurance Agreement | (1,879,306) | (22,967) |
| Common stocks | 414,261 | 201,238 |
| Preferred stocks | - | 38 |
| Mortgage loans | 259,490 | 202,491 |
| Real estate | 4,932,013 | 4,828,868 |
| Policy loans | 208,484 | 285,767 |
| Cash, cash equivalents and short-term investments | 316,275 | 313,491 |
| Other invested assets | - | 14,627 |
| | 19,643,491 | 18,054,163 |
| Less: Investment Expenses | (4,410,046) | (3,896,029) |
| Net Investment Income | \$ 15,233,445 | \$ 14,158,134 |

Q. Short Sales

The Company has not short Sale

R. Prepayments penalties and acceleration fees

The Company received no prepayment penalties or acceleration fees for callable securities

Note 6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for those greater than 10% of admitted assets

Not applicable

B. Write-downs for impairments of joint ventures, partnerships, LLCs

Not applicable

Notes to Financial Statements

Note 7. Investment Income

A. Due and accrued income was excluded from surplus on the following bases:

1) No accrued income was excluded from surplus.

B. The total amount excluded:

1) No amounts were excluded.

Note 8. Derivative Instruments

Not applicable

Note 9. Income Taxes

The Company is exempt from income taxes by disposition of the Puerto Rico Insurance Code.

Note 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. B. and C. COSVI's shareholders are cooperatives, mainly credit cooperatives, none of which have a controlling interest in COSVI. In the normal course of business, COSVI provides various types of insurance products to their members, mainly credit insurance products. In addition, COSVI maintains time deposits in various credit cooperatives. As of year ended December 31, 2019 and December 31, 2018, such time deposits amounted to \$5,272,500 and \$5,392,500 respectively.

D. COSVI Assets Management Corporation is a wholly owned subsidiary of COSVI. As of year ended December 31, 2019, COSVI has amount receivable from the subsidiary CAMC \$1,188. Additionally, reported \$821 as amount of payable. Puerto Rico Insurance Sales & Marketing Agency Inc. is a wholly owned subsidiary of COSVI. As of year ended December 31, 2019, COSVI has amount receivable from the subsidiary PRISMA \$48,065. Additionally, reported \$204,302 as amount of payable.

E. Guarantees or undertakings - None

F. Management, service contracts, cost sharing arrangements - None

G. Nature of relationships that could affect operations - None

H. Amount deducted for investment in upstream company - None

I. COSVI investments in subsidiary is less than 10% of its admitted assets

J. COSVI did not recognize any impairment Write-down for its investments in subsidiary company during this statement period.

K. COSVI has no investments in foreign subsidiary.

L. Downstream holding company valued using look-through method - None

M. Non-insurance subsidiary, controlled and affiliated (SCA) entity valuations - None

N. Insurance SCA entities utilizing prescribed or permitted practices – None

Note 11. Debt

A. The Company has no debentures outstanding.

The Company does not have any reverse repurchase agreement.

B. FHLB (Federal Home Loan Bank) Agreements

The Company has no FHLB Agreements

Notes to Financial Statements

Note 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences, and other Postretirement Benefit Plans.

A. Defined benefit plan

Effective November 14, 2008, COSVI entered into a hard-freeze and a curtailment transaction on its defined benefit pension plan (the Plan) that covers all of its regular employees. Concurrent with this transaction, COSVI determined to fund the plan through a trust established under the laws of the Commonwealth of Puerto Rico. The trust was established to hold and administer the assets of the Plan in accordance with the terms of the Plan. COSVI also entered into a Trustee and Retirement Plan Administrative Services Agreement with a private financial institution to perform the Plan administration, actuarial and record keeping services.

For January 1, 2013 was effective SSAP No.102. On September 30, 2013 the unfunded accumulated benefit liability of \$2.5 million was recorded against surplus.

A summary of assets, obligations and other pension information for the years ended December 31, 2019 and 2018 is as follows:

| Description | 2019 | 2018 |
|--|----------------------|----------------------|
| Change in projected benefit obligation: | | |
| Projected benefit obligation at beginning of year | \$ 17,830,113 | \$ 17,140,225 |
| Adjustment to opening balance | (40,781) | (144,675) |
| Interest cost | 1,007,326 | 963,536 |
| Change in Actuarial Assumptions | 411,747 | 461,338 |
| Actuarial (gain) loss | (12,546) | 29,492 |
| Benefits paid | (807,035) | (619,803) |
| Projected benefit obligation at end of the year | <u>\$ 18,388,824</u> | <u>\$ 17,830,113</u> |
| Change in plan assets: | | |
| Fair value of plan assets at beginning of the year | \$ 14,536,329 | \$ 14,770,901 |
| Actual return on plan assets | 1,781,590 | (367,585) |
| Employer contributions | 1,040,554 | 752,816 |
| Benefits paid | (807,035) | (619,803) |
| Fair value of plan assets at end of the year | <u>\$ 16,551,438</u> | <u>\$ 14,536,329</u> |
| Funded status of the plan (under-funded) | (1,837,386) | (3,293,784) |
| Unrecognized actuarial losses | <u>4,676,650</u> | <u>5,599,138</u> |
| Prepaid pension cost | \$ 2,839,264 | \$ 2,305,354 |
| Vested benefit obligation at end of year | <u>\$ 18,388,824</u> | <u>\$ 17,830,113</u> |
| Non vested benefit obligation at end of year | <u>\$ -</u> | <u>\$ -</u> |
| Components of net periodic pension costs: | | |
| Interest cost | \$ 1,007,326 | \$ 963,536 |
| Expected return on plan assets | (1,781,590) | 367,585 |
| Amount of recognized Gain (loss) | <u>1,280,908</u> | <u>(1,010,475)</u> |
| Net periodic pension costs | <u>\$ 506,644</u> | <u>\$ 320,646</u> |

The following table set forth by level, within the fair value hierarchy, the plan's assets at fair value at December 31, 2019 and 2018:

| Description | 2019 | | | Total |
|---|----------------------|---------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| U.S. Treasury Securities and Obligations of U.S. government Agencies and state agencies | \$ 579,193 | \$ 904,617 | \$ - | \$ 1,483,810 |
| Obligations of Commonwealth of Puerto Rico | - | - | - | - |
| Corporate fixed-income securities | - | 585,259 | - | 585,259 |
| Mutual funds: | | | | |
| Fixed income | 7,998,314 | - | - | 7,998,314 |
| Common Stocks | 3,569,775 | - | - | 3,569,775 |
| Cash and cash equivalent | 2,901,415 | - | - | 2,901,415 |
| Accrued investment income | 12,865 | - | - | 12,865 |
| | <u>\$ 15,061,562</u> | <u>\$ 1,489,876</u> | <u>\$ -</u> | <u>\$ 16,551,438</u> |

Notes to Financial Statements

| Description | 2018 | | | Total |
|---|----------------------|---------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| U.S. Treasury Securities and Obligations of U.S. government Agencies and state agencies | \$ 338,076 | \$ 991,809 | \$ - | \$ 1,329,885 |
| Obligations of Commonwealth of Puerto Rico | - | - | - | - |
| Corporate fixed-income securities | - | 620,926 | - | 620,926 |
| Mutual Funds: | | | | |
| Fixed income | 8,575,008 | - | - | 8,575,008 |
| Common Stocks | 2,766,803 | - | - | 2,766,803 |
| Cash and cash equivalent | 1,215,767 | - | - | 1,215,767 |
| Accrued investment income | 27,940 | - | - | 27,940 |
| | <u>\$ 12,923,594</u> | <u>\$ 1,612,735</u> | <u>\$ -</u> | <u>\$ 14,536,329</u> |

Weighted average actuarial assumptions for the years ended December 31, 2019 and 2018 are as follows:

| Description | 2019 | 2018 |
|---|-------|-------|
| Weighted average discount rate used to determine: projected benefit obligation | 5.60% | 5.80% |
| Weighted average discount rate used to determine: net periodic pension cost | 5.60% | 5.80% |
| Expected return on plan assets | 5.40% | 5.50% |
| Expected compensation increase | 0.00% | 0.00% |

Contributions – During the years ended December 31, 2019 and 2018, COSVI made contributions to the plan amounting to approximately \$1,041,000 and \$753,000, respectively. COSVI's pension plan expects to receive employer contributions for the year ending December 31, 2020 in the amount of \$758,000.

Pension plan assets allocations – Assets categories and related allocation percentages as of December 31, 2019 and 2018, are as follows:

| Description | 2019 | 2018 |
|-------------------------|----------------|----------------|
| Fixed income securities | 12.50% | 13.42% |
| Equities | - | - |
| Mutual Funds | 69.89% | 78.03% |
| Cash | 17.53% | 8.36% |
| Accrued interest | 0.08% | 0.19% |
| | <u>100.00%</u> | <u>100.00%</u> |

The defined benefit plan assets are managed in accordance with the provisions established in the Trustee and Retirement Plan Administrative Services Agreement entered into by COSVI and a private financial institution. The performance of the pension trust assets is monitored by COSVI and measured in accordance with the Plan's objectives.

Benefit payments – Benefit payments are expected to be paid as follows:

| Years ending December 31, | Amount |
|---------------------------|---------------------|
| 2020 | 794,724 |
| 2021 | 849,636 |
| 2022 | 970,790 |
| 2023 | 980,615 |
| 2024 | 1,049,258 |
| Thereafter | 4,168,965 |
| | <u>\$ 8,813,988</u> |

B. Description of investment policies and strategies

Not applicable

C. Fair Value of plan assets

Not applicable

Notes to Financial Statements

D. Rate of return assumptions

Not applicable

E. Defined contribution plan

On August 1, 2008, COSVI adopted a defined contribution pension plan 1165 (e) Salary Deferral Re1165 (e) Salary Deferral Retirement Plan) with an effective date of January 1, 2009. This Plan covers all full-time employees who have reached eighteen (18) years of age and have completed one (1) year of service.

COSVI may contribute a discretionary amount in addition to the matching contribution for all eligible participants that is allocated to all employees on a basis of percentage of compensation. The availability of this contribution will be determined in a year-to-year basis.

COSVI contributions will become vested and non-forfeitable upon participant's death, disability or attainment of normal and early retirement age. In the absence of any of the preceding events, participants are 100% vested after completing three (3) years of service. A participant may retire after reaching the age of 60 or elect for early retirement and be fully vested at age 55, with three years of service.

Effective March 1, 2015 as a cost containment policy, COSVI discontinued the matching contributions to the defined contribution pension plan, which was based on \$1.00 for each dollar contributed by the employee, up to 5% of compensation. COSVI intends to restore the matching contributions after subsequent evaluation of future financial results. Effective January 24, 2020 COSVI restored the matching contributions, based on \$1.00 for each dollar contributed by the employee, up to 1% of compensation.

During the year ended December 31, 2019 and 2018 COSVI did not made contributions.

F. Multiemployer plans

COSVI does not sponsor any multiemployer plans.

G. Consolidated / holdings company plans

COSVI is not part of any consolidated group of companies

H. Postemployment benefits and compensated absences

Compensated vacation pay is recorded as an accrued liability in salaries and wages general expenses.

I. Impact of Medicare Modernization Act

Not applicable

Note 13. Capital and Surplus, Shareholder's Restrictions and Quasi Reorganizations

1. Outstanding shares

The members' contributions, including capitalized dividends at December 31, 2019, are as follows:

| Description | Authorized Certificates of Contributions as of December 31, 2019 | | Issued and Outstanding Certificates of Contributions as of December 31, 2019 | |
|--|--|-----------------------|--|----------------------|
| | Shares | Par value | Shares | Par value |
| Preferred certificates of | | | | |
| 2001 Series, \$5 par value | 2,000,000 | \$ 10,000,000 | 1,517,300 | \$ 7,586,500 |
| 2004 Series, \$5 par value | 8,000,000 | 40,000,000 | 2,811,050 | 14,055,250 |
| Common certificates of contributions, \$10 par value | 5,000,000 | 50,000,000 | 2,964,318 | 29,643,180 |
| | | 100,000,000 | | 51,284,930 |
| Surplus notes | | - | | 4,992,074 |
| | | <u>\$ 100,000,000</u> | | <u>\$ 56,277,004</u> |

Notes to Financial Statements

2. Dividend rate of preferred stock

The 2001 Series preferred certificates of contributions are cumulative for up to three years at 5% annually, redeemable after the third anniversary of their issuance at the option of the holder upon the approval of the board of directors of COSVI, and is entitled to preferences as to par value and accrued dividends over COSVI's common certificates of contribution in case of liquidation.

The 2004 Series have the following characteristics:

- Dividends on the preferred certificates of contribution are cumulative for up to three years. The percentage in dividends is adjusted annually at January 1 of each year adding .5% based on the rate of primary interest "prime rate." The dividends are paid in cash every three months, if they are declared by the Board of Directors and if there is surplus.
- The certificates are redeemed, in part or at their total, with the approval of COSVI or the owner of each preferred certificate of contribution on the fifth anniversary of their issuance, subject to the approval of the Board of Directors. The price for each redemption is \$5 per certificate, plus accrued dividends.

3. Dividend restrictions

Dividends on the Preferred Contribution are cumulative for up to three years.

The Board of Directors may declare the payment of dividends on Capital Contribution Certificates issued and outstanding after providing for all reserves and in accordance with the dividend rates permitted by the Puerto Rico Insurance Commissioner, a maximum of 8% is established.

4. Date and amounts of dividends paid

No dividends were paid during 2019 or 2018.

5. Amount of ordinary dividends that may be paid

Within the limitations of (3) above, there are no restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to stockholders.

6. Restrictions of unassigned funds

There are no restrictions on the current unassigned funds.

7. Mutual surplus advances

Advances to Surplus not Repaid (Mutual Companies): Not applicable

8. Company stock held for special purposes

Common Stock, Preferred Stock, Surplus Notes Held by the Company for special purposes: None

9. Changes in special surplus funds

There were no changes in special surplus funds during the year 2019.

10. Changes in unassigned funds from unrealized gains (losses)

The unassigned Surplus included a decrease from unrealized gains of \$523,000.

11. Surplus Notes

On October 27, 2008, the Board of Directors approved the issuance of \$12 to \$15 million in surplus notes as a measure to partially offset its operating losses through recapitalization of five-year surplus notes from its cooperative members. As of December 31, 2019, and 2018, COSVI has outstanding \$4,992,074 and \$6,001,002 respectively in surplus notes in consideration of cash. The original surplus notes accrued interests at 4.75% redeemable after the fifth year as to principal and interests, subject to the approval of the Board of Directors and the Commissioner. The surplus notes are considered capital for statutory purposes. Upon liquidation, the surplus notes are payable with the remaining proceeds after all policyholders' liabilities and other secured debt are being paid, but prior to any distribution to holders of preferred and common certificates of contribution.

On August 15, 2011, the Board of Directors approved the conversion of surplus notes to common stocks. The terms of the conversion consisted on the liquidation of the surplus notes and an automatic investment in COSVI's common stock. During the year ended December 31, 2011, \$10,340,000 of the amount outstanding in surplus notes (\$15,447,000) were converted to common stock in a transaction approved by the

Notes to Financial Statements

Commissioner. For December 31, 2013 COSVI paid the accrued interests from the inception of the surplus note until December 31, 2010. Also, COSVI paid an incentive equivalent to the interest that the surplus notes would have accumulated from January 1, 2011 through December 31, 2013. Interest and incentives paid in common certificates during the year ending December 31, 2013 totalized \$2,633,862.

As of December 31, 2013, COSVI requested the approval from the Office of the Puerto Rico Insurance Commissioner to renew the existing Surplus Notes with a total principal amount of \$5,100,000. On March 24, 2014, was received the approval. The new surplus notes will include the aforementioned principal and accrued interest of \$901,002 for a new total of approximately \$6,001,002 in Surplus Notes. The new notes will bear an interest rate of 2.50% for five year and will mature during 2018 and 2019.

As of October 1, 2019, COSVI request to the Office of the Puerto Rico Insurance Commissioner the approval to redem eight Surplus Note Contract for the amount of \$1,008,928 and the payment of accrued interest from July 1, 2019 through December 31, 2019 from all Surplus Notes for the amount of \$78,164. For December 18, 2019 the Office of the Puerto Rico Insurance Commissioner, approved the redemption and payment of accrued interest.

Schedule I includes a listing of all holders of surplus notes as of December 31, 2019.

| (1) Surplus Note Issue to | (2) Issue Date | (3) Interest Rate | (4) Par Value | (5) Carrying Value | (6) Principal and/or Interest Paid | | | (8) Un-approved | (9) Maturity Date |
|---|-------------------|----------------------|------------------|-----------------------|------------------------------------|----------------|------------------|--------------------|----------------------|
| | | | | | Current Year | Total | | | |
| FIDECOOP | 01/12/2019 | 2.50% | 1,261,159.91 | 1,261,159.91 | 33,287 | 197,952 | - | 01/11/2024 | |
| Corporación Pública para la Supervisión y Seguros de Coop de PR, COSSEC | 12/22/2019 | 2.50% | 3,730,913.86 | 3,730,913.86 | 100,169 | 490,273 | - | 12/21/2024 | |
| \$4,992,073.77 | | | | | \$4,992,073.77 | 133,456 | 688,22569 | - | |

12. Impact of quasi-reorganizations: Not applicable

13. Date of quasi-reorganizations: Not applicable

Note 14. Contingencies

A. Contingent Commitments: None

B. Guarantee funds and other assessments:

COSVI is subject to annual assessments of the Puerto Rico Insurance Guaranty Association for Life and Disability. The annual assessments cannot exceed 2% of the direct net premiums written by COSVI during the preceding calendar year. The assessment payments made during the years ended December 31, 2019 and 2018, except for miscellaneous administrative charges were \$1,046 and \$4,425, respectively

C. Gain Contingencies: None

D. Extra contractual obligations & Bad faith losses:

COSVI is a defendant in various legal actions arising in the ordinary course of business. Management and legal counsel for COSVI are of the opinion, that the ultimate disposition of these matters will not have a material adverse effect on its financial position or the result of its operations.

E. Joint and several liabilities: Not applicable

F. Other contingencies and write-downs for impairment:

The company has no assets that are consider being impaired.

Note 15. Leases

A. COSVI as lessee - COSVI has entered into various non-cancelable operating lease agreements covering office equipment that call for a monthly rental payment that ranges from \$100 to \$1,090 with an aggregate payment of approximately \$10,200, expiring in various dates through December 2023. Total rent expense for the years ended December 31, 2019 and 2018, under these agreements, amounted to approximately \$154,000 and \$153,000 respectively.

COSVI has also entered into various cancelable operating lease agreements covering office space that call for a monthly rental payment of approximately \$1,500 to \$4,300 for each contract, with an aggregate payment of approximately \$8,700, expiring in various dates through the years 2020 and 2025. Total rent expense for the years ended December 31, 2019 and 2018, under these agreements, amounted to approximately \$102,000 and \$106,000 respectively.

Notes to Financial Statements

Future minimum lease payments under these leases for the years subsequent to December 31, 2019, are as follows:

| Year ending December 31, | Amount |
|--------------------------|------------|
| 1. 2020 | \$ 205,062 |
| 2. 2021 | 147,499 |
| 3. 2022 | 102,110 |
| 4. 2023 | 71,051 |
| 5. 2024 | 52,416 |
| 6. Thereafter | 34,944 |
| 7. Total | \$ 613,082 |

- B. COSVI as lessor – COSVI has entered into various rental agreements of certain office space available within the office facilities. The rental agreements have monthly rental payments that range from approximately \$150 to \$43,000, with an aggregate monthly payment of approximately \$196,000 as of December 31, 2019. For the years ended December 31, 2019 and 2018, rent revenues on such rental agreements amounted to approximately \$2,349,000 and \$2,246,000, respectively, which are reported as part of net investment income. The Company has no leveraged lease transactions.

Minimum annual rentals under these contracts for the years subsequent to December 31, 2019, are as follows:

| Year ending December 31, | Amount |
|--------------------------|---------------|
| 1. 2020 | \$ 2,256,416 |
| 2. 2021 | 2,242,319 |
| 3. 2022 | 2,219,912 |
| 4. 2023 | 1,890,830 |
| 5. 2024 | 1,207,737 |
| 6. Thereafter | 3,406,302 |
| 7. Total | \$ 13,223,516 |

Note 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

1. Face or contract amounts – Not applicable
2. Nature and Terms – Not applicable
3. Exposure to credit-related losses – Not applicable
4. Collateral policy – Not applicable

Note 17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

A. Transfers of receivables reported as sales

Not applicable

B. Transfer and Servicing of Financial Assets

2. a. Not applicable
- b. Not applicable
- c. Not applicable

4. a. Not applicable

b. Not applicable

C. Wash Sales

Not applicable

Notes to Financial Statements

Note 18. Gain or loss to the Reporting Entity from Uninsured Plans and other Uninsured Portion of Partially Insured Plans

Not applicable

Note 19. Direct Premium Written produced by Managing General Agent /TPAs

Not Applicable

Note 20. Fair Value Measurements

A.

1. Fair Value Measurements at Reporting Date

| December 31, 2019 | | | | |
|--|----------------------|-----------------------|---------------------|-----------------------|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Obligations of U.S. government | | | | |
| Agencies and state agencies | \$ - | \$ 232,901,444 | \$ - | \$ 232,901,444 |
| Obligations of Commonwealth of Puerto Rico | - | 35,061,371 | - | 35,061,371 |
| Bonds Mutual Funds (Class 1) | - | 4,099,901 | - | 4,099,901 |
| Corporate fixed-income securities | - | 69,560,586 | - | 69,560,586 |
| Equity securities – preferred stocks | - | - | - | - |
| Equity securities – common stocks | 10,973,611 | - | 5,709,736 | 16,683,347 |
| Mortgage loans | - | 3,998,212 | - | 3,998,212 |
| Policy loans | - | 2,711,217 | - | 2,711,217 |
| Properties held-for-sale | - | - | 555,529 | 555,529 |
| | <u>\$ 10,973,611</u> | <u>\$ 348,332,731</u> | <u>\$ 6,265,265</u> | <u>\$ 365,571,607</u> |

| December 31, 2018 | | | | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Obligations of U.S. government | | | | |
| Agencies and state agencies | \$ - | \$ 216,459,167 | \$ - | \$ 216,459,167 |
| Obligations of Commonwealth of Puerto Rico | - | 50,360,382 | - | 50,360,382 |
| Bonds Mutual Funds (Class 1) | - | 1,538,536 | - | 1,538,536 |
| Corporate fixed-income securities | - | 46,334,511 | - | 46,334,511 |
| Equity securities – preferred stocks | - | - | - | - |
| Equity securities – common stocks | 6,580,651 | - | 5,463,240 | 12,043,891 |
| Mortgage loans | - | 4,068,818 | - | 4,068,818 |
| Policy loans | - | 3,004,776 | - | 3,004,776 |
| Properties held-for-sale | - | - | 1,025,341 | 1,025,341 |
| | <u>\$ 6,580,651</u> | <u>\$ 321,766,190</u> | <u>\$ 6,488,581</u> | <u>\$ 334,835,422</u> |

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---------------------------------|------------------------|--------------------------|---|--|-----------|-----------|-----------|-------------|------------------------------|
| | Beginning Balance at 01/01/2019 | Transfers into Level 3 | Transfers out of Level 3 | Total gains and (losses) included in Net Income | Total gains and (losses) included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2019 |
| a. Assets | | | | | | | | | | |
| Equity Securities | 5,463,240 | - | - | - | (387) | 249,270 | - | (2,387) | - | 5,709,736 |
| Residential Mortgage Loan-Property held-for-sales | 1,025,341 | | (45,000) | (111,915) | - | - | - | (312,897) | - | 555,529 |

Notes to Financial Statements

Note 21. Other Items.

- A. Extraordinary items – None
- B. Troubled debt restructuring for debtors – None
- C. Other disclosures and unusual items– None
- D. Business interruption insurance recoveries – Due to the impact of Hurricane María event occurred in September 20, 2017, COSVI received a business interruption insurance recovery for the amount of \$907,147.
- E. State transferable and non-transferable tax credits – None
- F. Subprime mortgage – None
- G. Retained Assets – None
- H. Offsetting and Netting of Assets and Liabilities – None
- I. Claim Reserves and Liabilities for A&H Contracts– None
- J. Uncollectible premiums receivable – None
- K. Receivables from parent, subsidiaries and affiliates – None

Note 22. Subsequent Events

1. Type I Recognized Subsequent Events:
2. Type II Non recognized Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which COSVI operates. In Puerto Rico a lockdown executive order was issued by the Governor on March 16, 2020. COSVI was able to continue its operations working remotely.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the company. To date, COSVI is experiencing a decline in revenues, significant reduction in claims and volatility in the fair value of assets. COSVI believes is too early to make responsible assessments about possible future impact on Year 2020 revenues and investment program. However, the equivalent of a Pandemic scenario was tested as part of the New York 7 Asset Adequacy Analysis and COSVI passed.

Additionally, it is reasonably possible that estimates made in the financial statements could vary, but not materially, in the near term as result of these conditions.

Note 23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

1. Are any of the reinsures, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes () No (X).
2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (X).

Section 2 – Ceded Reinsurance Report – Part A

Notes to Financial Statements

- a. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X).
- b. Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsure policies? Yes () No (X).

Section 3 – Ceded Reinsurance Report – Part B

- a. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above), of termination of ALL reinsurance agreements, by either party's of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. –None.
- b. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were enforce or which had existing reserves established by the company as of the effective date of the agreement? Yes () No (X).

B. Uncollectible Reinsurance

As of December 31, 2019 the Company had no uncollectible reinsurance balances written off through income and expenses.

C. Commutation of Ceded Reinsurance

The Company has not commuted any ceded reinsurance during the year.

D. Certified Reinsurance Rating Downgrade or Status Subject to Revocation None

E. Reinsurance of variable annuity contract with an affiliate captive reinsurer – transactions description None

F. Reinsurance of variable annuity contract with an affiliate captive reinsurer – Reserve credit taken and collateral information None

G. Ceding Companies that utilize a captive to reinsure xxxx/Axxxx reserves None

H. New Reinsurance Agreements

For the year end 2019 no were new contract.

Note 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination.

A-D. Not applicable.

E. Risk Sharing Provisions of the Affordable Care Act

Not applicable

Note 25. Change in Incurred Losses and Loss Adjustment Expenses.

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events of prior years developed as anticipated during 2019. Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, no significant trends or unanticipated events were noted in 2019.

Note 26. Intercompany Pooling Arrangements

Not applicable

Note 27. Structured Settlements

Not applicable

Notes to Financial Statements

Note 28. Health Care Receivables

A. Pharmaceutical Rebates

Not applicable

B. Risk Sharing Receivables

Not applicable

Note 29. Participating Policies

For reporting year 2019, participating policies under individual life is .41% of total policies. The Company accounts for its policyholder dividends based upon the policy contract. The Company did not pay any dividends to policyholders during 2019.

For group life policies, COSVI accumulated dividends for the amount of \$0 correspondent to only four participating policies.

Note 30. Premium Deficiency Reserves

As of December 31, 2019 the Company does not have liabilities related to premium deficiency reserves in accident & health contracts.

Note 31. Reserves for Life Contracts and Annuity Contracts

1. Waiver of deduction of deferred fractional premium upon the death of insured.

The company waives deduction of deferred fractional premium upon death of insured and returns any portion of the final premium beyond the date of death. A factor is applied against each such block of reserves.

2. Method employed in the valuation of substandard policies.

For life contracts, mean reserves are determined by computing the regular mean reserve of the plan. In addition, the company holds ½ of the extra premium charge for the year. Credit reserve is based on statutory mortality reserves determined by formula. Substandard reserves are reserved for by increasing mortality in proportion to the substandard risk percentage.

3. As of December 31, 2019 the Company had \$1,012,719 insurance in force for which the gross premiums are less than the net premiums according to the standard of valuation set by the Commonwealth of Puerto Rico.
4. The tabular interest, Tabular Less Actual Reserve Released and Tabular Cost have been determined by formulas as described in the instructions.
5. The tabular interest of funds not involving life contingencies have been determined by formula as described in the instructions.
6. The net other increases is determined as described in the instructions.

Note 32. Analysis of Annuity Actuarial Reserves and Deposits Liabilities

As of December 31, 2019 and December 31, 2018, COSVI's annuity reserves and deposit fund liabilities that are subject to discretionary withdrawal (with or without adjustment) and not subject to discretionary withdrawal provisions are summarized as follows:

A. - E. Amount of annuity actuarial reserves and deposit liabilities by withdrawal characteristics

| Description | 2019 | | 2018 | |
|--|-----------------------|--------------|-----------------------|-------------|
| | Amount | Percent | Amount | Percent |
| Subject to discretionary withdrawal: | | | | |
| At book value less current surrender charge of 5% or more | \$ 48,953,307 | 15 % | \$ 43,951,169 | 14% |
| At book value without adjustment (with minimal or no charge or adjustment) | 201,051,671 | 64 % | 200,530,812 | 64% |
| Not subject to discretionary withdrawal | 64,997,122 | 21 % | 67,136,780 | 22% |
| | <u>\$ 315,002,100</u> | <u>100 %</u> | <u>\$ 311,618,761</u> | <u>100%</u> |

Notes to Financial Statements

F. Life & Accident & Health Annual Statement

Reconcile total to section of Exhibits 5 and 6 and the corresponding lines in the Annual Statement of the Separate Accounts

| | | |
|----|---|-----------------------|
| 1. | Exhibit 5, Annuities Section, Total (net) | \$ 251,583,617 |
| 2. | Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net) | 4,129,908 |
| 3. | Exhibit 7, Deposit-Type Contracts, Line 14, Column 1 | <u>59,288,575</u> |
| 4. | Subtotal | <u>\$ 315,002,100</u> |

Separate Accounts Annual Statement:

| | | |
|-----|--|-----------------------|
| 5. | Exhibit 3, Line 0299999, Column 2 | - |
| 6. | Exhibit 3, Line 0399999, Column 2 | - |
| 7. | Policyholder dividend and coupon accumulations | - |
| 8. | Policyholder premiums | - |
| 9. | Guaranteed interest contracts | - |
| 10. | Other contract deposit funds | <u>-</u> |
| 11. | Subtotal | <u>\$ 315,002,100</u> |
| 12. | Combined Total | <u>\$ 315,002,100</u> |

G. FHLB (Federal Home Loan Bank) Agreements

No Applicable

Note 33. Premiums and Annuity Consideration Deferred and Uncollected

As of December 31, 2019 and 2018, life insurance premiums deferred and uncollected on policies in force are as follows:

| Description | 2019 | | |
|-----------------------------------|---------------------|-----------------------|---------------------|
| | Gross | Loading | Net of Loading |
| Ordinary and annuity new business | \$ 671,239 | \$ (358,934) | \$ 312,305 |
| Ordinary renewal | 4,122,467 | (718,393) | 3,404,074 |
| Credit life | 73,418 | - | 73,418 |
| Group life | <u>455,989</u> | <u>-</u> | <u>455,989</u> |
| | <u>\$ 5,323,113</u> | <u>\$ (1,077,327)</u> | <u>\$ 4,245,786</u> |
| | 2018 | | |
| Description | Gross | Loading | Net of Loading |
| Ordinary and annuity new business | \$ 742,932 | \$ (400,535) | \$ 342,397 |
| Ordinary renewal | 3,947,154 | (652,861) | 3,294,293 |
| Credit life | 124,779 | - | 124,779 |
| Group life | <u>286,685</u> | <u>-</u> | <u>286,685</u> |
| | <u>\$ 5,101,550</u> | <u>\$ (1,053,396)</u> | <u>\$ 4,048,154</u> |

Premium and annuity considerations deferred and uncollected net of loading are included as part of deferred and uncollected premiums in the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

Note 34. Separate Accounts

Not applicable

Note 35. Loss/Claim Adjustment

The Company incurred and paid \$76 of claims adjustment expenses for December 31, 2019 and paid \$290 of claims adjustment expenses for December 31, 2018, of which none of the paid amounts were attributable to incurred or covered events of prior years. The Company did not increase or decrease the provision for insured events of prior years.

Estimates of Salvage and Subrogation's - Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2. Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[] No[] N/A[X]
- 1.3 State Regulating? Yes[] No[X]
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes[] No[X]
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 08/31/2015
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 08/31/2015
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/18/2017
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If yes, complete and file the merger history data file with the NAIC. Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation. Yes[] No[X]

| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
|---------------------|------------------------|------------------------|
| | | |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| | |

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company. Yes[] No[X]
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

| 1 Affiliate Name | 2 Location (City, State) | 3 FRB | 4 OCC | 5 FDIC | 6 SEC |
|---------------------|-----------------------------|----------|----------|-----------|----------|
| | | No | No | No | No |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
RSM PUERTO RICO PO BOX 100528 SAN JUAN, PR 00922-0528
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes[] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[] N/A[]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Rick Hayes, ASA,CERA, MAAA, Willis Tower Watson, 1800 McGill College Avenue, Montreal, QC, Canada H3A3j6
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

- 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value
 12.2 If yes, provide explanation
- 0
 \$ 0
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
 13.3 Have there been any changes made to any of the trust indentures during the year?
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[] No[] N/A[X]
 Yes[] No[] N/A[X]
 Yes[] No[] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended?
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- Yes[X] No[]
 Yes[] No[X]
 Yes[] No[X]
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.
- Yes[] No[X]

| 1 American Bankers Association (ABA) Routing Number | 2 Issuing or Confirming Bank Name | 3 Circumstances That Can Trigger the Letter of Credit | 4 Amount |
|--|--------------------------------------|--|-------------|
| | | | |

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?
 17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?
 18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes[X] No[]
 Yes[X] No[]
 Yes[X] No[]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes[] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
 20.11 To directors or other officers
 20.12 To stockholders not officers
 20.13 Trustees, supreme or grand (Fraternal only)
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 20.21 To directors or other officers
 20.22 To stockholders not officers
 20.23 Trustees, supreme or grand (Fraternal only)
- \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
 \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
 21.2 If yes, state the amount thereof at December 31 of the current year:
 21.21 Rented from others
 21.22 Borrowed from others
 21.23 Leased from others
 21.24 Other
- Yes[] No[X]
 \$ 0
 \$ 0
 \$ 0
 \$ 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
 22.2 If answer is yes:
 22.21 Amount paid as losses or risk adjustment
 22.22 Amount paid as expenses
 22.23 Other amounts paid
- Yes[] No[X]
 \$ 0
 \$ 0
 \$ 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- Yes[X] No[]
 \$ 49,253

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
 24.02 If no, give full and complete information, relating thereto
 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
- Yes[X] No[]
 Yes[] No[] N/A[X]
 \$ 0
 \$ 0
 Yes[] No[] N/A[X]
 Yes[] No[] N/A[X]
 Yes[] No[] N/A[X]
 \$ 0

GENERAL INTERROGATORIES (Continued)

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ 0
 24.103 Total payable for securities lending reported on the liability page. \$ 0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes[X] No[]

25.2 If yes, state the amount thereof at December 31 of the current year:

| | | |
|---|----|-----------|
| 25.21 Subject to repurchase agreements | \$ | 0 |
| 25.22 Subject to reverse repurchase agreements | \$ | 0 |
| 25.23 Subject to dollar repurchase agreements | \$ | 0 |
| 25.24 Subject to reverse dollar repurchase agreements | \$ | 0 |
| 25.25 Placed under option agreements | \$ | 0 |
| 25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock | \$ | 0 |
| 25.27 FHLB Capital Stock | \$ | 0 |
| 25.28 On deposit with states | \$ | 1,865,317 |
| 25.29 On deposit with other regulatory bodies | \$ | 0 |
| 25.30 Pledged as collateral - excluding collateral pledged to an FHLB | \$ | 0 |
| 25.31 Pledged as collateral to FHLB - including assets backing funding agreements | \$ | 0 |
| 25.32 Other | \$ | 0 |

25.3 For category (25.26) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| | | |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
 If no, attach a description with this statement.

LINES 26.3 through 26.5: FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes[] No[X]

26.4 If the response to 26.3 is yes, does the reporting entity utilize:

| | |
|--|--------------|
| 26.41 Special Accounting Provision of SSAP No. 108 | Yes[] No[X] |
| 26.42 Permitted Accounting Practice | Yes[] No[X] |
| 26.43 Other Accounting Guidance | Yes[] No[X] |

26.5 By responding yes to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, does the reporting entity at tests to the following? Yes[] No[X]

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated with in the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes[X] No[]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1 Name of Custodian(s) | 2 Custodian's Address |
|------------------------------------|---|
| MERRILL LYNCH | #15 SECOND STREET, SUITE 210, GUAYNABO, PR 00968 |
| INSIGNEO | 250 PONCE DE LEON AVE, SUITE 505, SAN JUAN PR 00918 |
| SAMUEL RAMIREZ & COMPANY INC. | MCS PLAZA, 255 PONCE DE LEON AVE., SUITE 106 SAN JUAN PR 00917-1900 |
| ORIENTAL BANK SERVICES CORP | PROFESSIONAL OFFICE PARK V, 997 SAN ROBERTO STREET, ORIENTAL TOWER 9TH FLOOR, SAN JUAN PR 00926 |

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1 Name(s) | 2 Location(s) | 3 Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes[] No[X]

28.04 If yes, give full and complete information relating thereto:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [" that have access to the investment accounts"; " handle securities"]

| 1 Name of Firm or Individual | 2 Affiliation |
|---------------------------------|------------------|
| MERRILL LYNCH- BLACK ROCK | U |

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets?

Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

| 1 Central Registration Depository Number | 2 Name of Firm or Individual | 3 Legal Entity Identifier (LEI) | 4 Registered With | 5 Investment Management Agreement (IMA) Filed |
|--|---|---|-------------------------|---|
| RA000602 - 3103810 | BLACK ROCK INVESTMENT MANAGEMENT | 5493006MRTEZZ4S4CQ20 | US/ US-NJ | OS |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[X] No []

29.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|-----------------------|--------------------------------------|--------------------------------------|
| 71GN39994 | MACKAY MUNICIPAL OPPORTUNITIES | 2,026,284 |
| 72201F474 | PIMCO FDS | 1,500,000 |
| 03463K307 | ANGEL OAK MULTI STRATEGY | 1,500,000 |
| 29.2999 Total | | 5,026,284 |

29.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|--|---|--|---------------------------|
| MACKAY MUNICIPAL OPPORTUNITIES | MACKAY MUNICIPAL OPPORTUNITIES MASTER FUNDS L. P. | 2,026,284 | 12/31/2019 .. |
| PIMCO FDS | | 1,500,000 | 12/31/2019 .. |
| ANGEL OAK MULTI STRATEGY | | 1,500,000 | 12/31/2019 .. |

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|-----------------------------|------------------------------------|-------------------------|--|
| 30.1 Bonds | 320,673,827 | 339,904,208 | 19,230,381 |
| 30.2 Preferred stocks | 253,116 | 253,116 | |
| 30.3 Totals | 320,926,943 | 340,157,324 | 19,230,381 |

30.4 Describe the sources or methods utilized in determining the fair values:

Custodian Broker Statements

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[X] No [] N/A []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes[X] No []

32.2 If no, list exceptions:

33. By self-designation 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting-entity self-designated 5GI securities?

Yes [] No[X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities?

Yes [] No[X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.

GENERAL INTERROGATORIES (Continued)

e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.

f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria?

Yes [] No [X]

OTHER

36.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 29,462
 36.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

37.1 Amount of payments for legal expenses, if any? \$ 233,043
 37.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-------------------------------|------------------|
| NACHMAN GUILLEMARD PS C | 125,265 |

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0
 38.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | |

GENERAL INTERROGATORIES

PART 2 - LIFE ACCIDENT AND HEALTH COMPANIES/FRATERNAL BENEFIT SOCIETIES INTERROGATORIES

Life Accident and Health Companies/Fraternal Benefit Societies:

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
 - 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ 0
- 1.6 Individual policies:
 - Most current three years:
 - 1.61 Total premium earned \$ 0
 - 1.62 Total incurred claims \$ 0
 - 1.63 Number of covered lives 0
 - All years prior to most current three years:
 - 1.64 Total premium earned \$ 0
 - 1.65 Total incurred claims \$ 0
 - 1.66 Number of covered lives 0
- 1.7 Group policies:
 - Most current three years:
 - 1.71 Total premium earned \$ 0
 - 1.72 Total incurred claims \$ 0
 - 1.73 Number of covered lives 0
 - All years prior to most current three years:
 - 1.74 Total premium earned \$ 0
 - 1.75 Total incurred claims \$ 0
 - 1.76 Number of covered lives 0

2. Health Test:

| | 1 Current Year | 2 Prior Year |
|-------------------------------------|-------------------|-----------------|
| 2.1 Premium Numerator | | |
| 2.2 Premium Denominator | 80,285,888 | 78,332,192 |
| 2.3 Premium Ratio (2.1 / 2.2) | | |
| 2.4 Reserve Numerator | 3,606,639 | 3,667,257 |
| 2.5 Reserve Denominator | 354,145,447 | 345,525,224 |
| 2.6 Reserve Ratio (2.4 / 2.5) | 0.010 | 0.011 |

- 3.1 Does this reporting entity have Separate Accounts? Yes[] No[X]
- 3.2 If yes, has a Separate Accounts statement been filed with this department? Yes[] No[] N/A[X]
- 3.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$ 0
- 3.4 State the authority under which Separate Accounts are maintained:
- 3.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes[] No[X]
- 3.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes[] No[X]
- 3.7 If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?" \$ 0
- 4. For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:
 - 4.1 Amount of loss reserves established by these annuities during the current year: \$ 0
 - 4.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

| 1 P&C Insurance Company and Location | 2 Statement Value on Purchase Date of Annuities (i.e., Present Value) |
|---|---|
| | |

- 5.1 Do you act as a custodian for health savings accounts? Yes[] No[X]
- 5.2 If yes, please provide the amount of custodial funds held as of the reporting date: \$ 0
- 5.3 Do you act as an administrator for health savings accounts? Yes[] No[X]
- 5.4 If yes, please provide the balance of the funds administered as of the reporting date: \$ 0
- 6.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers? Yes[] No[] N/A[X]
- 6.2 If the answer to 6.1 is yes, please provide the following:

| 1 Company Name | 2 NAIC Company Code | 3 Domiciliary Jurisdiction | 4 Reserve Credit | Assets Supporting Reserve Credit | | |
|-------------------|------------------------------|----------------------------------|------------------------|----------------------------------|--------------------------|------------|
| | | | | 5 Letters of Credit | 6 Trust Agreements | 7 Other |
| | | | | | | |

- 7. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)
 - 7.1 Direct Premium Written \$ 11,636,391
 - 7.2 Total incurred claims \$ 3,565,381
 - 7.3 Number of covered lives 27,548

GENERAL INTERROGATORIES (Continued)

| |
|---|
| *Ordinary Life Insurance Includes |
| Term (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app") |
| Variable Life (with or without Secondary Guarantee) |
| Universal Life (with or without Secondary Guarantee) |
| Variable Universal Life (with or without Secondary Guarantee) |

8. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes[] No[X]
- 8.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes[] No[X]

Life, Accident and Health Companies Only:

- 9.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes[X] No[]
- 9.2 Net reimbursement of such expenses between reporting entities:
- 9.21 Paid \$ 90,181
- 9.22 Received \$ 95,470
- 10.1 Does the reporting entity write any guaranteed interest contracts? Yes[X] No[]
- 10.2 If yes, what amount pertaining to these items is included in:
- 10.21 Page 3, Line 1 \$ 251,576,608
- 10.22 Page 4, Line 1 \$ 28,031,630
11. For stock reporting entities only:
- 11.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$ 0
12. Total dividends paid stockholders since the organization of the reporting entity:
- 12.11 Cash \$ 0
- 12.12 Stock \$ 0
- 13.1 Does the reporting entity reinsure any Workers' Compensation Carve-Out business defined as:
Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance. Yes[] No[X]
- 13.2 If yes, has the reporting entity completed the WORKERS' COMPENSATION CARVE-OUT SUPPLEMENT to the Annual Statement? Yes[] No[] N/A[X]
- 13.3 If 13.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

| | 1 Reinsurance Assumed | 2 Reinsurance Ceded | 3 Net Retained |
|---|-----------------------------|---------------------------|----------------------|
| 13.31 Earned premium | | | |
| 13.32 Paid claims | | | |
| 13.33 Claim liability and reserve (beginning of year) | | | |
| 13.34 Claim liability and reserve (end of year) | | | |
| 13.35 Incurred claims | | | |

- 13.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 13.31 and 13.34 for Column (1) are:

| | 1 Earned Premium | 2 Claim Liability and Reserve |
|---------------------------------|------------------------|-------------------------------------|
| 13.41 < \$25,000 | | |
| 13.42 \$25,000 - 99,999 | | |
| 13.43 \$100,000 - 249,999 | | |
| 13.44 \$250,000 - 999,999 | | |
| 13.45 \$1,000,000 or more | | |

- 13.5 What portion of earned premium reported in 13.31, Column 1 was assumed from pools? \$ 0

Fraternal Benefit Societies Only:

14. Is the reporting entity organized and conducted on the lodge system, with ritualistic form of work and representative form of government? Yes[] No[X]
15. How often are meetings of the subordinate branches required to be held?
16. How are the subordinate branches represented in the supreme or governing body?
17. What is the basis of representation in the governing body?
- 18.1 How often are regular meetings of the governing body held?
- 18.2 When was the last regular meeting of the governing body held?
- 18.3 When and where will the next regular or special meeting of the governing body be held?
- 18.4 How many members of the governing body attended the last regular meeting? 0
- 18.5 How many of the same were delegates of the subordinate branches? 0
19. How are the expenses of the governing body defrayed?
20. When and by whom are the officers and directors elected?
21. What are the qualifications for membership?
22. What are the limiting ages for admission?
23. What is the minimum and maximum insurance that may be issued on any one life?

GENERAL INTERROGATORIES (Continued)

24. Is a medical examination required before issuing a benefit certificate to applicants? Yes[] No[X]
25. Are applicants admitted to membership without filing an application with and becoming a member of a local branch by ballot and initiation? Yes[] No[X]
- 26.1 Are notices of the payments required sent to the members? Yes[] No[] N/A[X]
- 26.2 If yes, do the notices state the purpose for which the money is to be used? Yes[] No[] N/A[X]
27. What proportion of first and subsequent years payments may be used for management expenses?
- 27.11 First year 0%
- 27.12 Subsequent years 0%
- 28.1 Is any part of the mortuary, disability, emergency or reserve fund, or the accretions from or payments for the same, used for expenses? Yes[] No[X]
- 28.2 If so, what amount? \$ 0
- For what purpose?
- 29.1 Does the reporting entity pay an old age disability benefit? Yes[] No[X]
- 29.2 If yes, at what age does the benefit commence? 0
- 30.1 Has the constitution or have the laws of the reporting entity been amended during the year? Yes[] No[X]
- 30.2 If yes, when?
31. Have you filed with this Department all forms of benefit certificates issued, a copy of the constitution and of all the laws, rules and regulations in force at the present time? Yes[] No[X]
- 32.1 State whether all or a portion of the regular insurance contributions were waived during the current year under premium-paying certificates on account of meeting attained age or membership requirements? Yes[] No[X]
- 32.2 If so, was an additional reserve included in Exhibit 5? Yes[] No[] N/A[X]
- 32.3 If yes, explain
- 33.1 Has the reporting entity reinsured, amalgamated with, or absorbed any company, order, society, or association during the year? Yes[] No[X]
- 33.2 If yes, was there any contract agreement, or understanding, written or oral, expressed or implied, by means of which any officer, director, trustee or any other person, or firm, corporation, society or association, received or is to receive any fee, commission, emolument, or compensation of any nature whatsoever in connection with, on account of such reinsurance, amalgamation, absorption, or transfer of membership or funds? Yes[] No[] N/A[X]
34. Has any present or former officer, director, trustee, incorporator, or any other persons, or any firm, corporation, society or association, any claims of any nature whatsoever against this reporting entity, which is not included in the liabilities on Page 3 of this statement? Yes[] No[X]
- 35.1 Does the reporting entity have outstanding assessments in the form of liens against policy benefits that have increased surplus? Yes[] No[X]
- 35.2 If yes, what is the date of the original lien and the total outstanding balance of liens that remain in surplus?

| 1 | 2 |
|-------|----------------------------|
| Date | Outstanding Lien Amount |
| | |

FIVE - YEAR HISTORICAL DATA

Show Amounts in Whole Dollars Only, No Cents; Show Percentages to One Decimal Place, i.e., 17.6.

\$000 omitted for amounts of life insurance

| | 1 2019 | 2 2018 | 3 2017 | 4 2016 | 5 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| Life Insurance in Force (Exhibit of Life Insurance) | | | | | |
| 1. Ordinary - whole life and endowment (Line 34, Column 4) | 292,737 | 295,674 | 301,498 | 301,403 | 305,067 |
| 2. Ordinary - term (Line 21, Column 4, less Line 34, Column 4) .. | 794,878 | 811,428 | 839,513 | 874,205 | 905,910 |
| 3. Credit life (Line 21, Column 6) | 1,541,137 | 1,526,738 | 1,493,151 | 1,515,725 | 1,530,553 |
| 4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Lines 43 & 44, Column 4) | 1,471,010 | 1,502,254 | 1,490,873 | 1,808,619 | 1,827,486 |
| 5. Industrial (Line 21, Column 2) | | | | | |
| 6. FEGLI/SGLI (Lines 43 & 44, Column 4) | | | | | |
| 7. Total (Line 21, Column 10) | 4,099,762 | 4,136,094 | 4,125,035 | 4,499,952 | 4,569,016 |
| 7.1 Total in force for which VM-20 Deterministic / Stochastic Reserves are calculated | | | | X X X | X X X |
| New Business Issued (Exhibit of Life Insurance) | | | | | |
| 8. Ordinary - whole life and endowment (Line 34, Column 2) | 22,332 | 26,508 | 21,016 | 22,531 | 29,783 |
| 9. Ordinary - term (Line 2, Column 4, less Line 34, Column 2) .. | 57,647 | 53,452 | 43,983 | 62,424 | 92,034 |
| 10. Credit life (Line 2, Column 6) | 29,128 | 73,995 | 501 | 20,016 | 208,673 |
| 11. Group (Line 2, Column 9) | 33,785 | 35,075 | 10,670 | 41,995 | 18,841 |
| 12. Industrial (Line 2, Column 2) | | | | | |
| 13. Total (Line 2, Column 10) | 142,892 | 189,030 | 76,170 | 146,966 | 349,331 |
| Premium Income-Lines of Business (Exhibit 1 - Part 1) | | | | | |
| 14. Industrial life (Exhibit 1 - Part 1, Line 20.4, Column 2) | | | | | |
| 15.1 Ordinary life insurance (Exhibit 1 - Part 1, Line 20.4, Column 3) | 10,814,917 | 10,700,708 | 10,392,723 | 10,587,025 | 10,358,226 |
| 15.2 Ordinary individual annuities (Exhibit 1 - Part 1, Line 20.4, Column 4) | 28,031,630 | 28,127,475 | 20,423,609 | 21,126,281 | 20,727,113 |
| 16. Credit life, (group and individual) (Exhibit 1 - Part 1, Line 20.4, Column 5) | 13,271,820 | 12,799,875 | 9,703,274 | 10,626,772 | 10,466,591 |
| 17.1 Group life insurance (Exhibit 1 - Part 1, Line 20.4, Column 6) .. | 8,802,414 | 8,711,341 | 8,582,591 | 9,148,240 | 9,970,946 |
| 17.2 Group annuities (Exhibit 1 - Part 1, Line 20.4, Column 7) | | | | | |
| 18.1 A & H group (Exhibit 1 - Part 1, Line 20.4, Column 8) | 2,624,836 | 2,570,902 | 2,831,867 | 3,154,369 | 3,169,023 |
| 18.2 A & H credit (group and individual) (Exhibit 1 - Part 1, Line 20.4, Column 9) | 57,886 | 82,304 | 109,040 | 68,897 | 214,747 |
| 18.3 A & H other (Exhibit 1 - Part 1, Line 20.4 Column 10) | 16,682,385 | 15,339,587 | 15,237,725 | 15,483,862 | 15,038,588 |
| 19. Aggregate of all other lines of business (Exhibit 1 - Part 1, Line 20.4, Column 11) | | | | | |
| 20. Total | 80,285,888 | 78,332,192 | 67,280,829 | 70,195,446 | 69,945,234 |
| Balance Sheet Items (Pages 2 and 3) | | | | | |
| 21. Total Admitted Assets excluding Separate Accounts business (Page 2, Line 26, Column 3) | 553,834,684 | 536,797,230 | 490,772,470 | 519,813,973 | 500,132,006 |
| 22. Total Liabilities excluding Separate Accounts business (Page 3, Line 26) | 531,820,403 | 515,736,331 | 468,853,267 | 499,726,042 | 479,864,773 |
| 23. Aggregate life reserves (Page 3, Line 1) | 334,286,490 | 324,705,474 | 313,311,865 | 307,950,083 | 305,448,764 |
| 23.1 Excess VM-20 Deterministic / Stochastic Reserves over NPR related to Line 7.1 | | | | X X X | X X X |
| 24. Aggregate A & H reserves (Page 3, Line 2) | 13,801,984 | 13,633,545 | 13,552,430 | 13,587,652 | 14,368,621 |
| 25. Deposit-type contract funds (Page 3, Line 3) | 59,288,575 | 61,634,542 | 68,304,681 | 68,543,286 | 65,731,264 |
| 26. Asset valuation reserve (Page 3, Line 24.1) | 4,928,195 | 4,149,563 | 3,967,197 | 4,179,342 | 7,030,033 |
| 27. Capital (Page 3, Lines 29 & 30) | | | | | |
| 28. Surplus (Page 3, Line 37) | 22,014,281 | 21,060,899 | 21,919,203 | 20,087,931 | 20,267,233 |
| Cash Flow (Page 5) | | | | | |
| 29. Net Cash from Operations (Line 11) | 12,985,736 | 13,529,762 | 9,263,399 | 230,791 | 5,199,210 |
| Risk-Based Capital Analysis | | | | | |
| 30. Total Adjusted Capital | 26,942,476 | 25,210,462 | 25,887,602 | 24,316,934 | 27,347,833 |
| 31. Authorized control level risk-based capital | 6,707,501 | 6,514,274 | 5,515,050 | 5,516,595 | 5,634,536 |
| Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Line No./Page 2, Line 12, Column 3) x 100.0 | | | | | |
| 32. Bonds (Line 1) | 78.1 | 78.5 | 79.9 | 80.1 | 77.6 |
| 33. Stocks (Lines 2.1 and 2.2) | 4.1 | 3.1 | 1.7 | 1.5 | 1.5 |
| 34. Mortgage loans on real estate (Line 3.1 and 3.2) | 1.0 | 1.0 | 1.4 | 1.4 | 1.6 |
| 35. Real estate (Lines 4.1, 4.2 and 4.3) | 8.1 | 8.8 | 10.1 | 9.7 | 11.0 |
| 36. Cash, cash equivalents and short-term investments (Line 5) .. | 8.1 | 7.8 | 5.9 | 6.3 | 7.2 |
| 37. Contract loans (Line 6) | 0.7 | 0.8 | 1.0 | 1.0 | 1.2 |
| 38. Derivatives (Page 2, Line 7) | | | | | |
| 39. Other invested assets (Line 8) | | | | | |
| 40. Receivables for securities (Line 9) | | | | | |
| 41. Securities lending reinvested collateral assets (Line 10) | | | | | |
| 42. Aggregate write-ins for invested assets (Line 11) | | | | | |
| 43. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

FIVE - YEAR HISTORICAL DATA (Continued)

| | 1 2019 | 2 2018 | 3 2017 | 4 2016 | 5 2015 |
|---|-------------|-------------|-------------|-------------|-------------|
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 44. Affiliated bonds (Schedule D Summary, Line 12 Column 1) | | | | | |
| 45. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1) | | | | | |
| 46. Affiliated common stocks (Schedule D Summary, Line 24, Column 1) | 208,585 | 133,967 | 119,340 | 11,000 | |
| 47. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10) | | | | | |
| 48. Affiliated mortgage loans on real estate | | | | | |
| 49. All other affiliated | | | | | |
| 50. Total of above Lines 44 to 49 | 208,585 | 133,967 | 119,340 | 11,000 | |
| 51. Total Investment in Parent included in Lines 44 to 49 above | | | | | |
| Total Nonadmitted and Admitted Assets | | | | | |
| 52. Total Nonadmitted Assets (Page 2, Line 28, Column 2) | 8,992,710 | 7,890,563 | 8,112,274 | 8,228,007 | 7,684,573 |
| 53. Total Admitted Assets (Page 2, Line 28, Column 3) | 553,834,684 | 536,797,230 | 490,772,470 | 519,813,973 | 500,132,006 |
| Investment Data | | | | | |
| 54. Net investment income (Exhibit of Net Investment Income) | 15,233,445 | 14,158,134 | 12,577,659 | 14,228,855 | 17,932,633 |
| 55. Realized capital gains (losses) (Page 4, Line 34, Column 1) | 10,756 | 25,706 | (543,783) | (424,311) | (1,550,239) |
| 56. Unrealized capital gains (losses) (Page 4, Line 38, Col. 1) | 523,000 | (229,309) | 156,483 | 189,236 | 69,348 |
| 57. Total of Above Lines 54, 55, and 56 | 15,767,201 | 13,954,531 | 12,190,359 | 13,993,780 | 16,451,742 |
| Benefits and Reserve Increase (Page 6) | | | | | |
| 58. Total contract/certificate benefits-life (Lines 10, 11, 12, 13, 14 and 15, Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 6, 7 and 8) | 47,341,817 | 46,353,295 | 42,273,567 | 48,719,415 | 46,723,049 |
| 59. Total contract/certificate benefits-A & H (Lines 13 & 14, Col. 6) | 8,535,628 | 7,454,671 | 4,496,022 | 7,802,157 | 6,415,512 |
| 60. Increase in life reserves-other than group and annuities (Line 19, Columns 2) | 3,355,951 | 1,191,940 | 282,411 | 1,338,589 | 1,521,178 |
| 61. Increase in A & H reserves (Line 19, Column 6) | 168,436 | 81,117 | (35,225) | (780,970) | 70,933 |
| 62. Dividends to policyholders and refunds to members (Line 30, Col. 1) | | | | | |
| Operating Percentages | | | | | |
| 63. Insurance expense percent (Page 6, Column 1, Lines 21, 22 & 23 less Line 6) / (Page 6 Column 1, Line 1 plus Exhibit 7, Column 2, Line 2) x 100.00 | 32.1 | 31.2 | 36.1 | 35.1 | 36.9 |
| 64. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Column 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Column 4, Lines 1 & 21)] x 100.00 | 8.4 | 8.9 | 8.6 | 9.6 | 10.5 |
| 65. A & H loss percent (Schedule H, Part 1, Line 5 + Line 6, Column 2) | 45.7 | 42.8 | 26.8 | 37.8 | 36.3 |
| 66. A & H cost containment percent (Schedule H, Part 1, Line 4, Column 2) | | | | | |
| 67. A & H expense percent excluding cost containment expenses (Schedule H, Part 1, Line 10, Column 2) | 53.7 | 54.4 | 53.2 | 54.0 | 57.1 |
| A & H Claim Reserve Adequacy | | | | | |
| 68. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2) | 600,193 | 752,089 | 800,703 | 1,023,173 | 1,475,287 |
| 69. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2) | 681,969 | 839,269 | 971,552 | 1,499,914 | 1,487,350 |
| 70. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Col. 2) | 2,396,963 | 2,307,302 | 2,197,412 | 2,847,363 | 3,320,833 |
| 71. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Col. 2) | 3,153,915 | 3,213,577 | 5,148,124 | 5,127,664 | 5,501,452 |
| Net Gains From Operations After Dividends to Policyholders/Members' Refunds and Federal Income Taxes by Lines of Business (Page 6.x, Line 33) | | | | | |
| 72. Industrial life (Page 6.1, Col. 2) | | | | | |
| 73. Ordinary-life (Page 6.1, Col. 1 less Cols. 2, 10 and 12) | 2,639,355 | 1,639,358 | 2,377,660 | 101,973 | 963,556 |
| 74. Ordinary-individual annuities (Page 6, Col. 4) | (5,275,510) | (4,571,269) | (6,595,197) | (3,842,613) | (2,604,196) |
| 75. Ordinary-supplementary contracts | X X X | (837,148) | (963,580) | (629,266) | (628,667) |
| 76. Credit life (Page 6.1, Col. 10 plus Page 6.2, Col. 7) | 2,369,347 | 1,895,605 | 549,520 | 2,613,656 | 2,483,196 |
| 77. Group life (Page 6.2, Col.1 Less Cols. 7 and 9) | 637,807 | (331,549) | (147,216) | 314,452 | 139,387 |
| 78. Group annuities (Page 6, Col. 5) | 854,103 | 1,478,716 | 1,235,045 | 344,314 | (677,183) |
| 79. A & H-group (Page 6.5, Col. 3) | 576,394 | 444,895 | 911,426 | 978,841 | 792,264 |
| 80. A & H-credit (Page 6.5, Col. 10) | 97,972 | 206,063 | 253,576 | (478,562) | (476,274) |
| 81. A & H-other (Page 6.5, Col. 1 less Cols. 3 and 10) | 477,837 | 737,913 | 3,675,596 | 2,078,442 | 2,256,146 |
| 82. Aggregate of all other lines of business (Page 6, Col. 8) | | | | | |
| 83. Fraternal (Page 6, Col. 7) | | | | | |
| 84. Total (Page 6, Col. 1) | 2,377,305 | 662,584 | 1,296,830 | 1,481,237 | 2,248,229 |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[] No[] N/A[X]

If no, please explain:

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS ALLOCATED BY STATES AND TERRITORIES

| | States, Etc. | 1 Active Status (a) | Direct Business Only | | | | | 7 Deposit-Type Contracts |
|-----|--|------------------------|------------------------------|-----------------------------|--|---------------------------|--------------------------------|-----------------------------|
| | | | Life Contracts | | 4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees | 5 Other Considerations | 6 Total Columns 2 through 5 | |
| | | | 2 Life Insurance Premiums | 3 Annuity Considerations | | | | |
| 1. | Alabama (AL) | N | | | | | | |
| 2. | Alaska (AK) | N | | | | | | |
| 3. | Arizona (AZ) | N | | | | | | |
| 4. | Arkansas (AR) | N | | | | | | |
| 5. | California (CA) | N | | | | | | |
| 6. | Colorado (CO) | N | | | | | | |
| 7. | Connecticut (CT) | N | | | | | | |
| 8. | Delaware (DE) | N | | | | | | |
| 9. | District of Columbia (DC) | N | | | | | | |
| 10. | Florida (FL) | N | | | | | | |
| 11. | Georgia (GA) | N | | | | | | |
| 12. | Hawaii (HI) | N | | | | | | |
| 13. | Idaho (ID) | N | | | | | | |
| 14. | Illinois (IL) | N | | | | | | |
| 15. | Indiana (IN) | N | | | | | | |
| 16. | Iowa (IA) | N | | | | | | |
| 17. | Kansas (KS) | N | | | | | | |
| 18. | Kentucky (KY) | N | | | | | | |
| 19. | Louisiana (LA) | N | | | | | | |
| 20. | Maine (ME) | N | | | | | | |
| 21. | Maryland (MD) | N | | | | | | |
| 22. | Massachusetts (MA) | N | | | | | | |
| 23. | Michigan (MI) | N | | | | | | |
| 24. | Minnesota (MN) | N | | | | | | |
| 25. | Mississippi (MS) | N | | | | | | |
| 26. | Missouri (MO) | N | | | | | | |
| 27. | Montana (MT) | N | | | | | | |
| 28. | Nebraska (NE) | N | | | | | | |
| 29. | Nevada (NV) | N | | | | | | |
| 30. | New Hampshire (NH) | N | | | | | | |
| 31. | New Jersey (NJ) | N | | | | | | |
| 32. | New Mexico (NM) | N | | | | | | |
| 33. | New York (NY) | N | | | | | | |
| 34. | North Carolina (NC) | N | | | | | | |
| 35. | North Dakota (ND) | N | | | | | | |
| 36. | Ohio (OH) | N | | | | | | |
| 37. | Oklahoma (OK) | N | | | | | | |
| 38. | Oregon (OR) | N | | | | | | |
| 39. | Pennsylvania (PA) | N | | | | | | |
| 40. | Rhode Island (RI) | N | | | | | | |
| 41. | South Carolina (SC) | N | | | | | | |
| 42. | South Dakota (SD) | N | | | | | | |
| 43. | Tennessee (TN) | N | | | | | | |
| 44. | Texas (TX) | N | | | | | | |
| 45. | Utah (UT) | N | | | | | | |
| 46. | Vermont (VT) | N | | | | | | |
| 47. | Virginia (VA) | N | | | | | | |
| 48. | Washington (WA) | N | | | | | | |
| 49. | West Virginia (WV) | N | | | | | | |
| 50. | Wisconsin (WI) | N | | | | | | |
| 51. | Wyoming (WY) | N | | | | | | |
| 52. | American Samoa (AS) | N | | | | | | |
| 53. | Guam (GU) | N | | | | | | |
| 54. | Puerto Rico (PR) | L | 33,688,885 | 28,031,630 | 19,630,847 | | 81,351,362 | 12,773,042 |
| 55. | U.S. Virgin Islands (VI) | N | | | | | | |
| 56. | Northern Mariana Islands (MP) | N | | | | | | |
| 57. | Canada (CAN) | N | | | | | | |
| 58. | Aggregate Other Alien (OT) | X X X | | | | | | |
| 59. | Subtotal | X X X | 33,688,885 | 28,031,630 | 19,630,847 | | 81,351,362 | 12,773,042 |
| 90. | Reporting entity contributions for employee benefits plans | X X X | | | | | | |
| 91. | Dividends or refunds applied to purchase paid-up additions and annuities | X X X | | | | | | |
| 92. | Dividends or refunds applied to shorten endowment or premium paying period | X X X | | | | | | |
| 93. | Premium or annuity considerations waived under disability or other contract provisions | X X X | | | | | | |
| 94. | Aggregate other amounts not allocable by State | X X X | | | | | | |
| 95. | TOTALS (Direct Business) | X X X | 33,688,885 | 28,031,630 | 19,630,847 | | 81,351,362 | 12,773,042 |
| 96. | Plus Reinsurance Assumed | X X X | | | | | | |
| 97. | TOTALS (All Business) | X X X | 33,688,885 | 28,031,630 | 19,630,847 | | 81,351,362 | 12,773,042 |
| 98. | Less Reinsurance Ceded | X X X | 1,087,172 | | 246,015 | | 1,333,187 | |
| 99. | TOTALS (All Business) less Reinsurance Ceded | X X X | 32,601,713 | 28,031,630 | (c) 19,384,832 | | 80,018,175 | 12,773,042 |

DETAILS OF WRITE-INS

| | | | | | | | | |
|-------|---|-------|--|--|--|--|--|--|
| 58001 | | X X X | | | | | | |
| 58002 | | X X X | | | | | | |
| 58003 | | X X X | | | | | | |
| 58998 | Summary of remaining write-ins for Line 58 from overflow page | X X X | | | | | | |
| 58999 | TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above) | X X X | | | | | | |
| 9401 | | X X X | | | | | | |
| 9402 | | X X X | | | | | | |
| 9403 | | X X X | | | | | | |
| 9498 | Summary of remaining write-ins for Line 94 from overflow page | X X X | | | | | | |
| 9499 | TOTALS (Lines 9401 through 9403 plus 9498) (Line 94 above) | X X X | | | | | | |

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG
 E - Eligible - Reporting entities eligible or approved to write surplus lines in the state
 N - None of the above - Not allowed to write business in the state

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R - Registered - Non-domiciled RRGs

Q - Qualified - Qualified or accredited reinsurer

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(b) Explanation of basis of allocation by states, etc., of premiums and annuity considerations:

(c) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10 or with Schedule H, Part 1, Column 1, Line 1. Indicate which. Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10